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The
AAA Notebook

**East Central
Edition**

**AGRICULTURAL ADJUSTMENT
ADMINISTRATION**

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**United States
Department of Agriculture
Washington, D. C.**

THE AAA NOTEBOOK

EAST CENTRAL EDITION

This book makes available to AAA field workers in a brief and concise form information concerning the farm problem and the provisions of the AAA program.

As new and additional information is compiled, supplemental pages will be provided for this loose-leaf binder. You may insert additional pages for personal notations.

References are listed on most pages to assist you in obtaining other information on the subject by means of leaflets or other publications generally available either at your AAA office or from the Department of Agriculture.

Abbreviations used in listing of references or sources include "*BAE*" for Bureau of Agricultural Economics; "*Secretary's Report*" for "Report of the Secretary of Agriculture," 1938 Edition; "*ACP*" for the Agricultural Conservation Program Bulletin; and "*AA Act*" for the Agricultural Adjustment Act of 1938.

The pages in the AAA Notebook are grouped according to general subject-matter. Pages within each group are numbered consecutively.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

UNITED STATES

DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

1940

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PURPOSE OF THE AAA FARM PROGRAM

Conservation of the Nation's soil resources is the first purpose of the AAA farm program. The 1938 Farm Act seeks:

1. To prevent waste of soil fertility.
2. To provide for an orderly, adequate, and balanced flow of farm products in interstate and foreign commerce.
3. To help farmers obtain their fair share of national income.
4. To help consumers obtain an adequate and steady supply of foods and fiber at fair prices.

SOIL WASTE

OVERPRODUCTION is one of the largest causes of soil destruction. It wastes soil through unused harvests and through needless exposure to erosion. The AAA emphasizes means for avoiding it.

BALANCED PRODUCTION

Balanced production and guaranteed supplies through the Ever-Normal Granary are direct steps in soil conservation. A farmer who grows more soil-depleting crops than he can sell at a fair price robs himself of his capital; he wastes his soil fertility and his labor.

Ref.: AA Act; Secretary's Report.

EVER-NORMAL GRANARY MEANS STABILITY

The Ever-Normal Granary of the AAA Farm Program aims at continuous and permanent abundance.

RESERVE IN GRANARY

(1) The provisions call for yearly supplies of wheat, cotton, corn, tobacco, and rice, large enough for domestic and export requirements and for normal carry-overs.

RESERVE IN SOIL

(2) Shifts to soil-conserving crops mean a potential production reserve for emergencies—an Ever-Normal Granary of soil fertility.

RESERVE AGAINST FAILURE

(3) Crop insurance for wheat protects farmers against crop failure and protects consumers against exorbitant prices.

PROTECTION FOR CONSUMER

(4) The general public is protected against artificial as well as actual shortages. Marketing quotas can be proclaimed only when supplies are large, and commodity loans will be available only when accumulating stocks threaten price collapse. The Granary cannot be used to take unfair advantage of consumers.

The Ever-Normal Granary means orderly marketing of an abundant production at prices fair to both farmers and city buyers.

Ref.: AA Act; G-93.

AAA—THE FARMER'S OWN PROGRAM

The AAA farm program provides varied means by which farmers can meet local and national problems as they arise. It is many-sided in its approach to a solution of problems of production, distribution, and farm income.

General use of the AAA farm program by cooperating farmers will make possible the achievement of the goals expressed in the Act which is designed to benefit agriculture and advance the welfare of the Nation.

FEATURES OF THE FARM PROGRAM

SOIL-BUILDING PRACTICES.—To improve soil fertility, improve the physical structure of the land, and to prevent erosion.

ACREAGE ADJUSTMENT.—To conserve the soil by avoiding wasteful overproduction and bring a better balance between supplies and markets.

CROP INSURANCE.—To guarantee farmers wheat to sell every year.

STORAGE LOANS.—To permit systematic storage of food and fiber surpluses from big crop years, and to protect the value of commodities against sudden price declines by giving farmers opportunity to market their commodity in a more orderly manner.

SURPLUS BUYING.—To increase domestic consumption by distributing surpluses to the needy, as through the Stamp Plan.

EXPORT SALES.—To keep for the United States its fair share of the world market.

MARKETING QUOTAS.—To hold surpluses from the market until needed, when a two-thirds majority of growers approve.

MARKETING AGREEMENTS.—To afford farmers a means of marketing such products as milk, fruit, and vegetables in a more orderly and profitable manner.

RESEARCH.—To develop new and expanded industrial uses for farm products through research in four regional laboratories.

SOIL-BUILDING PRACTICES ENCOURAGED

Soil-building is a major aim of the AAA Program.

The program encourages soil-building practices with soil-building payments. It sets up a soil-building goal for each farm, expressed as a number of units of soil-building practices suitable to the particular farm.

\$1.50 PER UNIT

For each completed unit, the farmer receives a payment of \$1.50. For example, seeding one acre to alfalfa or the construction of 200 feet of terrace counts as one soil-building unit.

Payments available for soil-building practices on a farm equal: 70 cents for each acre of cropland in the farm in excess of the acreage allotments for special crops (other than commercial vegetables) plus certain amounts for noncrop open pasture land and commercial orchards.

If the sum of all payments computed for any farm is less than \$20 the soil-building payment will be increased so that the total payment for the farm may be \$20.

OVERPRODUCTION WASTES FERTILITY

The AAA Program aims at soil conservation through the adjustment of soil-depleting crops to requirements, in order to prevent the wasting of soil fertility by producing surpluses that nobody wants.

The adjustments are made by means of acreage allotments. A total national soil-depleting acreage allotment is established large enough to produce all the soil-depleting crops needed for domestic consumption, exports, and a safe reserve.

One part of this total soil-depleting acreage allotment is made up of acreage allotments for special crops. For the East Central Region these special crops consist of cotton, tobacco, and wheat (on commercial wheat farms) and, in designated areas, also corn, potatoes, peanuts, and commercial vegetables.

Another part of this total soil-depleting acreage allotment is made up of general soil-depleting crops such as oats, barley, rye, etc. Total soil-depleting allotments are applicable only on farms for which an acreage allotment for a special crop is established.

Compliance with acreage allotments is voluntary.

Ref.: AA Act; G-83, G-93; ACP-1940.

HOW ALLOTMENTS ARE ESTABLISHED

The NATIONAL acreage allotment for any crop is established by the Secretary on the basis of prospective needs for domestic consumption, exports, and reserves during the coming year. That is, the total production needed in bushels or pounds is divided by average yields to obtain the national allotment in acres.

STATE AND COUNTY

State and county allotments are established by apportioning the NATIONAL allotment among the STATES and COUNTIES on the basis of previous acreage planted to the crop in that State or county, with adjustments made for abnormal weather conditions, trends, and for participation in previous AAA programs. Thus each State and county gets its fair share of the national allotment.

FARM

Farm allotments are established by apportioning county allotments to individual FARMS on the basis of tillable acres, crop rotation practices, type of soil, topography, and the acreage of soil-depleting crops customarily grown on the farm. Thus the share of the national allotment each farm receives takes into account the amount it has been producing in the past as well as the amount that it should supply if operated on a sound, soil-conserving basis.

Ref.: AA Act; G-83; ACP-1940.

COMMERCIAL AREAS

A commercial "Area" or commercial "County" means an area or county in which one or more special crops are grown to such an extent as to meet requirements prescribed in the Act or determinations made by the Secretary of Agriculture.

PURPOSE

The commercial-area provisions are intended to stabilize the acreage of these crops and make it necessary to administer the program for such special crops **only** in areas which normally produce such commodities on a commercial basis which contributes to the surplus problem for those commodities.

AREA DESIGNATIONS

For the East Central Region the four special soil-depleting commercial-area designations in the 1940 program are those for corn, peanuts, potatoes, and vegetables.

CROP INSURANCE PART OF EVER-NORMAL GRANARY

Crop insurance for wheat guarantees participating farmers some wheat to sell every year, regardless of unavoidable crop losses.

GROUP CARRIES LOSSES

Through this program, the wheat industry as a whole rather than the individual grower carries the burden of crop losses.

Wheat farmers may insure either one-half or three-fourths of their average yield of wheat.

PREMIUMS IN WHEAT

Premiums are in terms of bushels of wheat per acre, and are carried by the Federal Crop Insurance Corporation in actual wheat in storage.

The wheat in reserve is for only one purpose: to pay crop losses of insured farmers. The reserve cannot be reduced except to pay losses. It is outside of marketing channels and cannot be used for price manipulation.

EVER-NORMAL GRANARY

This reserve acts as a vital part of the Ever-Normal Granary in maintaining a more stable supply of wheat. Because of this service in the public interest, the Government pays administrative and storage costs.

PARTICIPATION IN 1939 AND 1940

Policies were issued in the first year to some 166,000 wheat growers in 32 States, insuring production of about 61 million bushels on more than 7½ million acres of wheat land. As of December 31, 1939, payments equivalent to the value of about 10 million bushels had been made on 52,000 claims of loss, chiefly in the winter wheat belt.

As of December 31, 1939, over 317,000 wheat growers had paid premiums to insure crops to be harvested in 1940. These premiums, amounting to the equivalent of 11½ million bushels, covered over 9 million acres and insured a production of about 89 million bushels.

THE FARM PLAN

The first step toward participating in the AAA farm program in the East Central Region is the working out and signing of the Farm Plan. The Farm Plan is exactly what the name implies, a form upon which the operator plans his farming operations for participation in the farm program.

The Farm Plan contains information as to the total payment which may be earned for the farm if in complete compliance with the program. It shows the acreage allotments, if any, for the farm, and provides space for listing the practices which the farmer will carry out to meet his soil-building goal. It also contains a list of the crops classified as soil-depleting.

Committeemen assist the operator in working out his Farm Plan. In doing this they take into consideration the farm allotments, soil types, topography, and the kind of farming system most suited to that particular farm. To improve soil and maintain farm income is the goal of the individual Farm Plan just as it is the national goal of the AAA.

PARITY—PRICE AND INCOME

Price adjustment or “parity” payments are made directly to producers of corn, wheat, cotton, rice, or tobacco in order to give them more nearly a fair share of the national income and to bring farm income and purchasing power nearer the pre-war level.

Congress appropriated \$212,000,000 in 1938 and \$225,000,000 in 1939 for this purpose. The amount of price adjustment money allocated to each of the commodities is determined by the amount by which farm income from the production of each commodity is below parity income. Payment to producers is made contingent upon compliance with provisions of the AAA program.

PARITY PRICE

Parity price for an agricultural commodity is defined in the AA Act as “that price . . . which will give to the commodity a purchasing power with respect to articles farmers buy equivalent to the purchasing power of such commodity in the base period.” (Except for tobacco, the base period is August 1909 to July 1914 or pre-war period; for tobacco, August 1919 to July 1929.) Parity price also reflects the relationship of current interest rates, tax payments, and freight rates to those in the 1909–14 period.

PARITY INCOME

The Act also defines parity income as “that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed . . . from August 1909 to July 1914.”

FARMERS ADMINISTER THE PROGRAM

The AA Act is an expression of national policy for solving farm problems. Its form was inspired by farm leaders, and in its enactment Congress recognized that the farmers themselves, aided by professional workers in agriculture, were best qualified to plan and direct the program locally.

The AAA supplies a channel through which the demands, the experience, and the knowledge of farmers flow as their contribution to the operation of the program.

Through the regional divisions, State committees, county agricultural conservation associations, and local committees, the national farm program is linked with the individual farms.

FARMER REPRESENTATION

The nucleus of local administration is the Community Committee of three farmers. Fellow farmers elect these committeemen in annual elections.

Representatives of all communities in the county choose three farmers to serve as the County Committee. Its functions are to administer and adapt, with the assistance of the community committee, the national program to local needs.

To the State Committee, also composed of farmers, falls the responsibility of directing the program within the State so as to meet local conditions and serve the broad national interest.

DEMOCRATIC PROCEDURE

The program provides safeguards for agricultural and economic democracy. Marketing quotas must be approved in referendum by two-thirds of the producers affected; participation in the conservation program is entirely voluntary. The success of the program is the farmers' own responsibility.

BASIS FOR COMPUTING PAYMENTS

For complying fully with the 1940 program, farmers may earn payments computed as follows:

(a) For special allotment crops, the rate times normal yield of allotment;

(b) For soil-building practices in meeting goal, the sum of payments computed for cropland, commercial orchards, and noncrop pasture land.

If any allotment is exceeded or the soil-building goal is not met, the farm payment will be reduced.

Payment and deduction rates for special and total soil-depleting crops

Crop	Payment rates on normal production of allotted acreage	Deduction rates on normal production of excess acreage
Cotton.....	1.6 cents per lb.	4 cents per lb.
Tobacco:		
Flue-cured.....	1 cent per lb....	} 8 cents per lb.
Burley.....	1 cent per lb....	
Fire-cured and dark air-cured.	1.2 cents per lb.	
Wheat on wheat-allotment farm.	9 cents per bu..	50 cents per bu.
Corn on corn allotment farm.	10 cents per bu..	50 cents per bu.
Peanuts in designated counties.	12.5 cents per 100 lbs.	\$1.50 per 100 lbs.
Potatoes in designated counties.	3 cents per bu..	30 cents per bu.
Commercial vegetables in designated counties.	\$1.50 per acre...	\$20 per acre.
Total soil-depleting acreage	None.....	\$5 per acre.

Payment and deduction rates with respect to soil-building practices

Items	Payment rates	Deduction rates
Cropland in excess of special allotments.	70 cents per acre...	} \$1.50 for each unit by which soil-building goal is not met.
Commercial orchards and perennial vegetables.	\$2 per acre.....	
Eligible noncrop pasture in excess of one-half of cropland.	25 cents per acre...	

The soil-building goal is 1 unit of soil-building practices for each \$1.50 of the payment for the farm computed at these rates.

MATERIALS FURNISHED AS GRANTS-OF-AID

The Farm Act authorizes the Secretary of Agriculture to promote soil conservation by making grants-of-aid as well as by making payments to farmers. Thus, in lieu of making cash payments to farmers, materials, such as limestone, superphosphate, and seed, are being furnished to farmers to be used in carrying out soil-building practices under the AAA program.

MAIN POINTS

The main points in the project are: (1) The offering of materials as an alternative. Farmers can choose between getting material from the Government in lieu of payment or buying the material on the market and receiving a payment from the Government. The cost to the Government is approximately the same, regardless of the procedure followed. (2) This arrangement seems to point the way toward a partial solution of the credit problem which is serious with many low-income farmers and opens an entirely new field of action in the carrying out of basic practices on lands in need of them. (3) The furnishing of materials adds effective impetus to the work of educational agencies, and, to a large extent, the material furnished represents an addition to, rather than a substitution for, materials which otherwise would be used.

PROJECT STARTED IN 1937

The first project of this kind was put into effect in 1937 when triple superphosphate produced by the TVA was furnished to farmers by the AAA. This arrangement was continued in 1940 and was supplemented by large purchases from commercial sources. Liming materials were also available in 1940 as grants-of-aid.

WINTER LEGUME SEED

In 1939 an arrangement was made whereby hairy vetch and Austrian winter pea seed were furnished farmers in Oregon and other Northwestern States, in order that such farmers would be able to produce a larger supply of seeds of these crops for use as grants-of-aid in 1940 to farmers in the southeast.

Distribution of materials as grants-of-aid, 1937, 1938, and 1939, East Central Region

State	Triple superphosphate (tons)			Liming materials (tons)			Seeds (pounds)		
	1937	1938	1939	1937	1938	1939	1937	1938	1939
Kentucky-----	18, 582	33, 263	37, 968	-----	0	30, 352	-----	-----	-----
North Carolina-----	370	1, 027	3, 514	-----	11, 965	108, 464	-----	270, 000	-----
Tennessee-----	5, 203	11, 095	18, 176	-----	2, 972	92, 269	-----	-----	-----
Virginia-----	518	3, 637	16, 195	-----	4, 945	64, 789	-----	-----	-----
West Virginia-----	0	7, 705	16, 488	-----	1, 120	47, 027	-----	-----	-----
Delaware-----	-----	-----	-----	-----	-----	-----	-----	-----	132, 439
Maryland-----	0	44	103	-----	-----	-----	-----	-----	165, 637
Total-----	24, 673	56, 771	92, 444	-----	21, 002	342, 901	-----	270, 000	298, 076

TOBACCO BACKGROUND

About 75 percent of the tobacco grown in the United States is produced in the East Central Region.

KINDS OF TOBACCO GROWN

The major kinds of tobacco grown in this area are: flue-cured, Burley, Maryland, fire-cured, and dark air-cured. This includes all the major kinds produced in the United States except cigar tobacco.

TOBACCO USES

Flue-cured, Burley, and Maryland tobacco are used principally in cigarette blends. They are also used in smoking mixtures and considerable Burley is used for chewing. Fire-cured and dark air-cured tobacco are used chiefly in the manufacture of snuff and chewing tobacco.

THE TOBACCO PROGRAM

Tobacco growers can take effective action through the AAA program to keep farm prices and income at fair levels and at the same time conserve their soil by avoiding unwise use of land for production of tobacco that is not needed.

ACREAGE ALLOTMENTS

The tobacco acreage allotments established under the program each year represent an equitable division among farms of the total acreage of tobacco necessary to produce a quantity which together with carry-over from previous years will provide for domestic consumption, exports, and a safe reserve. Planting within these allotments will conserve soil resources, help maintain farm income, and permit full payment under the program with respect to tobacco. Acreage allotments are established for flue-cured, Burley, fire-cured, and dark air-cured tobacco.

MARKETING QUOTAS

When the supply of any kind of tobacco is 5 percent or more above normal, growers can use quotas to regulate marketings if two-thirds or more of those voting in a referendum favor their use. The marketing quota for any farm is the actual production on the acreage allotment. Tobacco marketed in excess of the quota is subject to a penalty.

LOANS

The Act authorizes loans to be made on tobacco. Loans generally would not be used except to prevent low prices resulting from surplus when farmers take action to eliminate the surplus through the use of marketing quotas.

SOIL-BUILDING PRACTICES

Full payments are possible only to cooperating farmers who complete the amount of soil-building practices necessary to reach the soil-building goal for their farms.

FLUE-CURED SITUATION

Slightly more than one-half the total tobacco production of the United States is flue-cured, outlets for which are about equally divided between domestic consumption and exports.

World consumption of flue-cured tobacco (U. S. flue-cured and similar tobaccos grown in foreign countries) has doubled twice during the last 25 years. In 1914, it was about 275 million pounds; immediately after the World War, it was around 550 million pounds; and the present level is around 1,100 million pounds, annually. World consumption of U. S. flue-cured tobacco now is between 750 and 800 million pounds.

Notwithstanding these marked increases of consumption, production in the United States in recent years has tended continuously to outrun consumption. The 1939 U. S. crop of more than 1,100 million pounds exceeded the current level of domestic consumption and exports by around 350 million pounds. Total flue-cured supplies in this country are 18 percent above the previous record supply.

DOMESTIC CONSUMPTION OF FLUE-CURED

In 1919, less than 100 million pounds of the U. S. flue-cured crop was used domestically in cigarettes, while in 1938, 285 million pounds were used in cigarettes. The amount used in other forms of consumption has not changed much in recent years. Although total consumption of flue-cured tobacco in this country is still increasing, the rate of increase has slowed down considerably since 1936.

EXPORTS

Exports of United States flue-cured tobacco during the 1937 and 1938 crop years averaged 426 million pounds. Exports to Great Britain, our best foreign customer, amounted to an average of 275 million pounds, or 64 percent of the total exports, during 1937 and 1938.

The withdrawal of British buyers from the market on September 8, 1939, created a serious problem for flue-cured growers. Although the ultimate effect of this situation upon future exports cannot now be determined, the immediate effect is to delay movement of tobacco into export.

MARKETING QUOTA VOTE

During the 30-day market holiday in the 1939 season, a referendum was held October 5, 1939 to determine whether flue-cured growers desired to use marketing quotas in connection with the 1940 crop. A total of 250,671 ballots were cast, of which 225,606, or 90 percent, were in favor of such quotas and 25,065, or 10 percent, were opposed.

The table below gives the results of flue-cured marketing quota referendums held for the 1938, 1939, and 1940 crops:

Crop	Number of voters	Affirmative	Negative	Percentage in favor of quotas
1938--	255, 095	219, 842	35, 253	86. 2
1939--	233, 393	132, 460	100, 933	56. 8
1940--	250, 671	225, 606	25, 065	90. 0

1939 FLUE-CURED PURCHASE AND LOAN PLANS

As a result of the emergency caused by withdrawal of buyers for the British trade from the flue-cured markets early in the 1939 marketing season, the Government is financing, through Commodity Credit Corporation, between 175 and 200 million pounds of the 1939 flue-cured tobacco crop.

The British trade usually takes about one-third of the flue-cured crop and pays about one-half of the total money received by the farmers for their tobacco. When the present war broke out, however, the British had large supplies of American tobacco on hand, and demands on their exchange for the purchase of war materials caused them to cease tobacco purchases.

The markets were closed by the trade on September 11 and 12 and a referendum on marketing quotas for 1940 was held. Following the approval by farmers of 1940 quotas, plans were completed for financing the grades normally taken by the British trade, and markets were reopened on October 10.

Objectives.—The main objectives are to protect farm prices for flue-cured tobacco and maintain our export trade. Use has been made of the marketing facilities of the companies which had to discontinue their purchases because of the European War.

Purchase plan.—Under the purchase part of the program, foreign manufacturers who were unable to make their usual purchases, entered into an agreement whereby, during the remainder of the 1939 selling season, they bought, graded, prized, and stored for the account of Commodity Credit Corporation a quantity of tobacco equal to their normal purchases. These purchases were made at a price equal to the average price paid by the companies for particular grades of tobacco purchased prior to the closing of markets. The foreign manufacturers have an option on the tobacco until July 1, 1941.

Loan plan.—Under the loan plan, domestic companies which normally make purchases for foreign manufacturers, entered into an agreement whereby Commodity Credit Corporation financed its normal purchases. The title to the tobacco in this case is held by the domestic company. The loans equaled the purchase price of the tobacco plus part of the handling charges.

U. S. Flue-cured production, value, stocks, and disappearance, 1909--39

Year	Acreage har- vested	Yield per acre	Price per pound	Farm value	Production	Stock July 1	Supply July 1	Disappear- ance
	1,000 acres	Pounds	Cents	Million dollars	Million pounds	Million pounds	Million pounds	Million pounds
1909	341.9	651	9.2	20.5	222.5			
1910	320.0	646	10.3	21.2	206.8			
1911	239.0	737	11.3	19.9	176.2			
1912	310.0	605	15.6	20.2	187.6			
1913	405.0	698	18.3	51.6	282.8	1 241.2	524.0	259.6
1914	425.0	648	11.3	31.1	275.4	1 264.4	539.8	231.2
1915	495.0	630	10.5	32.9	312.0	1 308.6	620.6	298.2
1916	470.0	560	19.0	50.1	263.3	1 322.4	585.7	292.1
1917	560.0	641	30.5	109.8	358.8	293.6	652.4	309.7
1918	686.0	710	34.3	166.8	487.1	342.7	829.8	450.2
1919	811.5	588	44.4	211.8	476.9	379.6	856.5	504.0
1920	908.9	678	21.5	132.5	616.0	352.5	968.5	410.7
1921	611.5	587	21.9	78.7	358.8	557.8	916.6	403.3
1922	659.5	630	27.2	112.8	415.4	513.3	928.7	421.0
1923	804.8	722	20.8	120.7	580.7	507.7	1,088.4	542.8
1924	754.5	580	21.6	94.5	437.3	545.6	982.9	456.5

1925	---	835. 1	689	20. 0	115. 0	575. 1	526. 4	1, 101. 5	577. 8
1926	---	800. 7	699	24. 9	139. 7	560. 1	523. 7	1, 083. 8	544. 9
1927	---	958. 3	750	20. 5	147. 3	718. 8	538. 9	1, 257. 7	599. 8
1928	---	1, 119. 9	660	17. 3	128. 1	739. 1	657. 9	1, 397. 0	708. 2
1929	---	1, 085. 7	691	18. 0	134. 9	750. 0	688. 8	1, 438. 8	735. 4
1930	---	1, 144. 2	756	12. 0	103. 4	865. 2	703. 4	1, 568. 6	774. 1
1931	---	979. 5	684	8. 4	56. 4	669. 5	794. 5	1, 464. 0	597. 0
1932	---	617. 5	605	11. 6	43. 4	373. 7	867. 0	1, 240. 7	564. 9
1933	---	920. 6	797	15. 3	112. 1	733. 4	675. 8	1, 409. 2	646. 2
1934	---	684. 2	814	27. 3	151. 7	556. 8	763. 0	1, 319. 8	567. 2
1935	---	874. 0	928	20. 0	162. 2	811. 2	752. 6	1, 563. 8	692. 5
1936	---	864. 5	790	22. 2	151. 6	682. 9	871. 3	1, 554. 2	671. 0
1937	---	989. 5	875	23. 0	199. 2	866. 3	883. 2	1, 749. 5	795. 0
1938	---	912. 1	861	22. 2	174. 4	785. 7	954. 5	1, 740. 2	793. 9
1939 ²	---	1, 234. 4	---	15. 0	167. 2	1, 150. 0	946. 3	2, 096. 3	---

¹ Estimate.² Preliminary.

FOREIGN PRODUCTION OF FLUE-CURED

From 1924 to 1929, production of flue-cured tobacco in foreign countries showed no significant change. Beginning in 1930, as trade conditions became increasingly worse, production in foreign countries increased materially.

High tariff rates prevented foreign countries from selling goods in the United States to obtain money with which to buy our products and nationalistic policies were adopted which encouraged production in other countries.

In some countries tobacco was placed under control of a government monopoly. In other countries, extremely high import duties were placed on United States tobacco.

The effect of these developments has been to displace United States tobacco in some cases and to check expansion of U. S. exports in others.

Foreign production of Aue-cured, 1924-39

[All figures in millions of pounds, i. e., 000,000 omitted]

Year	China	Man- churia	Japan	Chosen	Formosa	India	Nyasa- land	Southern Rhodesia	Australia	Canada	Dutch East Indies	Total, 11 countries
1924	70.0	---	5.6	4.9	---	---	4.9	2.0	1.0	5.5	---	93.9
1925	52.0	---	8.2	4.2	---	---	4.5	5.3	2.3	6.3	---	82.8
1926	23.3	---	9.8	4.3	---	---	9.1	18.5	1.2	4.3	---	70.5
1927	18.0	---	13.7	5.8	---	---	6.0	24.3	1.8	6.2	---	75.8
1928	33.0	---	14.0	6.9	---	---	2.9	6.1	1.8	8.7	---	73.9
1929	38.2	---	15.1	7.2	0.5	0.5	3.0	4.9	1.7	9.0	0.1	81.1
1930	83.5	---	17.7	4.5	.5	1.3	2.6	7.2	1.6	12.4	.1	131.4
1931	111.0	2.0	21.8	6.6	.4	2.7	3.5	12.7	10.2	24.5	.2	195.6
1932	104.0	2.1	23.7	7.0	.5	8.2	2.3	12.9	9.7	27.6	.2	198.1
1933	149.0	2.5	40.3	5.8	.6	11.0	2.7	25.2	4.3	26.9	.3	268.6
1934	140.0	3.1	44.6	7.1	1.1	13.5	1.5	19.5	3.1	22.1	.8	256.4
1935	163.0	5.0	51.3	7.1	1.3	16.4	2.1	20.7	5.6	35.2	1.3	309.0
1936	180.0	4.9	48.9	7.6	1.9	19.5	2.3	20.3	5.2	24.6	2.6	317.8
1937	210.0	7.7	62.2	9.1	2.9	40.0	2.1	25.3	6.5	55.4	4.3	425.5
1938	81.5	12.5	68.0	12.4	3.5	45.0	2.5	26.2	5.0	75.4	5.7	337.7
1939 ¹	106.0	35.0	84.4	24.4	---	---	---	---	---	81.7	---	---

¹ Preliminary.

Flue-cured consumption outlets, 1919-38

Market- ing year beginning July 1	Ciga- rettes	Smoking tobacco	Chewing tobacco	Total	Increase or de- crease from previous year
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Percent</i>
1919-----	82.3	36.2	33.1	151.6	-----
1920-----	73.6	33.6	24.3	131.5	-13.3
1921-----	81.8	44.4	23.6	149.8	+13.9
1922-----	102.1	39.9	25.6	167.6	+11.9
1923-----	113.9	36.5	24.1	174.5	+4.1
1924-----	125.5	38.2	22.7	186.4	+6.8
1925-----	141.7	37.2	22.9	201.8	+8.3
1926-----	153.8	33.5	21.5	208.8	+3.5
1927-----	165.9	31.7	20.7	218.3	+4.5
1928-----	189.2	29.0	20.2	238.4	+9.2
1929-----	201.7	29.6	18.8	250.1	+4.9
1930-----	201.2	32.9	16.7	250.8	+0.3
1931-----	176.2	50.2	14.0	240.4	-4.1
1932-----	182.3	57.2	12.7	252.2	+4.9
1933-----	196.4	61.5	13.0	270.9	+7.4
1934-----	217.4	59.2	12.5	289.1	+6.7
1935-----	239.6	58.7	12.2	310.5	+7.4
1936-----	267.8	57.5	12.3	337.6	+8.7
1937-----	279.6	57.3	11.4	348.3	+2.8
1938-----	286.4	59.4	11.0	356.8	+2.4

Flue-cured exports, 1926-38

Estimated farm sales of exports to principal countries

[All figures in millions of pounds, i. e., 000,000 omitted]

Year beginning July 1	Exported as Leaf Tobacco to—								
	United Kingdom	China	Japan	Australia	Canada	Germany	Nether-lands	All other countries	Total
1926	165. 3	84. 2	9. 8	23. 8	15. 1	13. 0	8. 0	29. 2	348. 4
1927	191. 0	78. 2	13. 4	24. 9	17. 3	15. 5	9. 7	41. 9	391. 9
1928	206. 8	150. 7	16. 9	21. 1	17. 3	16. 0	10. 9	49. 2	488. 9
1929	223. 8	149. 4	12. 0	22. 4	15. 7	10. 2	8. 4	69. 2	511. 1
1930	223. 5	173. 3	14. 1	26. 7	12. 9	15. 1	8. 8	50. 5	524. 9
1931	155. 2	91. 5	5. 3	12. 7	12. 3	9. 8	11. 2	45. 4	343. 4
1932	152. 9	90. 0	5. 8	10. 0	8. 6	5. 2	5. 6	41. 0	319. 1
1933	198. 6	99. 3	9. 3	12. 6	9. 3	9. 8	13. 5	36. 9	389. 3
1934	182. 1	30. 2	11. 3	17. 5	9. 2	1. 6	4. 2	36. 4	292. 5
1935	264. 8	27. 4	7. 8	21. 1	4. 4	7. 8	8. 3	35. 8	377. 4
1936	202. 4	46. 3	11. 8	22. 3	4. 4	3. 4	10. 5	56. 5	357. 6
1937	279. 8	41. 7	2. 3	21. 0	4. 3	5. 6	9. 3	62. 1	426. 0
1938	269. 9	59. 7	-----	24. 4	3. 3	6. 4	7. 2	55. 8	426. 7

BURLEY TOBACCO SITUATION

Although there has been a continuing upward trend in the amount of Burley tobacco used in cigarettes, this has been largely offset by declines in chewing tobacco. The quantity used in smoking tobacco remains rather steady. Less than 5 percent of the crop is exported.

In 1939, for the third successive year, production exceeded consumption. The present total supply is the third largest in history.

MARKETING QUOTA VOTE

As a result of excess supplies, a national marketing quota for 1940 was proclaimed by the Secretary of Agriculture as provided in the Act.

A referendum was held November 21, 1939, at which time a total of 118,527 Burley tobacco producers cast ballots. Of these, 98,741 or 83 percent were in favor of the quota and 19,786, or 17 percent, were opposed.

Burley marketing quotas were in effect in 1938 but were suspended in 1939, since they were favored by less than the required two-thirds of growers voting in the referendum.

The table below gives results of Burley marketing quota referendums held for the 1938, 1939, and 1940 crops.

Crop	Number of voters	Affirmative	Negative	Percentage in favor of quotas
1938--	177, 078	154, 208	22, 870	87. 1
1939--	217, 339	129, 123	88, 216	59. 4
1940--	118, 527	98, 741	19, 786	83. 3

Domestic consumption of burley, 1919-38

*Preliminary estimates of amounts used in cigarettes,
smoking tobacco, and chewing tobacco*

*[All figures in millions of pounds, i. e., 000,000
omitted]*

Marketing year beginning October 1	Cigarettes	Smoking tobacco	Chewing tobacco
1919-----	66. 3	91. 1	83. 7
1920-----	61. 0	78. 9	59. 0
1921-----	65. 8	90. 4	61. 7
1922-----	74. 5	85. 7	64. 4
1923-----	83. 9	91. 0	60. 7
1924-----	92. 3	93. 4	59. 0
1925-----	101. 8	92. 3	58. 2
1926-----	109. 5	87. 5	54. 0
1927-----	116. 8	85. 1	52. 3
1928-----	130. 5	87. 0	51. 2
1929-----	135. 5	91. 3	46. 8
1930-----	131. 6	99. 8	41. 6
1931-----	118. 8	107. 5	34. 4
1932-----	127. 4	105. 7	32. 5
1933-----	136. 5	101. 8	32. 7
1934-----	148. 8	102. 8	32. 2
1935-----	166. 6	103. 0	32. 9
1936-----	181. 9	103. 2	33. 4
1937-----	185. 0	106. 0	30. 2
1938-----	191. 3	111. 0	29. 0

Burley production, value, stocks, and disappearance, 1912-39

Year	Acreage harvested	Yield per acre	Price per pound	Farm value	Production	Stocks Oct. 1	Supply Oct. 1	Disappear- ance
	1,500 acres	Pounds	Cents	Million dollars	Million pounds	Million pounds	Million pounds	Million pounds
1912	228. 0	860	11. 0	21. 6	196. 1	269. 5	465. 6	186. 8
1913	232. 6	760	12. 3	21. 7	176. 8	278. 8	455. 6	200. 2
1914	244. 2	920	8. 1	18. 2	224. 7	255. 4	480. 1	167. 8
1915	244. 2	890	9. 5	20. 6	217. 3	312. 3	529. 6	281. 9
1916	265. 0	970	15. 5	39. 8	257. 1	247. 7	504. 8	254. 8
1917	262. 0	960	26. 5	66. 7	251. 5	250. 0	501. 5	270. 3
1918	300. 0	1, 040	32. 6	101. 7	312. 0	231. 2	543. 2	261. 3
1919	361. 5	831	33. 2	99. 9	300. 3	281. 9	582. 2	258. 7
1920	364. 5	789	13. 5	38. 8	287. 7	323. 5	611. 2	224. 5
1921	232. 9	754	21. 5	37. 9	175. 7	386. 7	562. 4	229. 2
1922	322. 7	857	26. 8	74. 2	276. 4	333. 2	609. 6	209. 7
1923	390. 3	872	20. 0	68. 0	340. 4	399. 9	740. 3	234. 9
1924	348. 4	849	20. 1	59. 5	295. 8	505. 4	801. 2	266. 4
1925	344. 9	806	18. 0	50. 0	277. 8	534. 8	812. 6	271. 4
1926	347. 0	832	13. 1	37. 7	288. 8	541. 2	830. 0	304. 2
1927	241. 1	731	25. 9	45. 6	176. 2	525. 8	702. 0	288. 7

1928	329. 7	816	30. 5	82. 1	269. 1	413. 3	682. 4	288. 2
1929	416. 1	807	21. 8	73. 4	337. 4	394. 2	731. 6	293. 3
1930	472. 1	740	15. 5	54. 0	349. 2	438. 3	787. 5	277. 3
1931	502. 7	845	8. 7	36. 9	424. 8	510. 2	935. 0	252. 4
1932	410. 2	740	12. 5	38. 1	303. 7	682. 6	986. 3	266. 0
1933	501. 5	753	10. 5	39. 7	377. 5	720. 3	1, 097. 8	277. 5
1934	303. 5	831	16. 9	39. 6	234. 2	820. 3	1, 054. 5	284. 7
1935	278. 9	792	19. 1	42. 2	220. 9	769. 9	990. 8	309. 1
1936	302. 3	727	35. 7	78. 5	219. 6	681. 7	901. 3	329. 5
1937	443. 9	907	20. 1	80. 8	402. 4	571. 8	974. 2	313. 5
1938	406. 9	833	19. 0	64. 4	339. 0	660. 7	999. 7	315. 7
1939 ¹	425. 0	-----	17. 4	67. 9	390. 0	684. 0	1, 074. 0	-----

¹ Preliminary.

DARK TOBACCO SITUATION

For many years producers of fire-cured and dark air-cured tobacco have been faced with the problem of adjusting their production downward in line with decreasing market demands.

EXPORTS SMALLER

The decline in demand for dark tobacco has been principally in foreign countries as a result of tariffs and other trade handicaps built up since the early 1920's.

SHIFT IN CONSUMER HABITS

Decline in domestic consumption is explained by the shift in consumer habits from dark tobacco products—chewing tobacco and snuff—to the lighter forms of consumption, mainly cigarettes.

PROGRAMS AID ADJUSTMENTS

The shock of a dwindling market has been cushioned to a considerable extent by means of adjustment, by product diversion, and loan programs.

NO MARKETING QUOTA FOR 1940

The supply of dark tobacco as of October 1, 1939, was not in excess of the quota level defined in the Act; therefore, no marketing quota for this tobacco was proclaimed for 1940.

The table below, however, gives the results of referendums held for the marketing of 1938 and 1939 crops of fire-cured and dark air-cured tobacco:

Crop	Number of voters	Affirmative	Negative	Percentage in favor of quotas
1938-----	48, 788	39, 328	9, 460	80. 6
1939-----	43, 736	26, 419	17, 317	60. 4

DARK TOBACCO PURCHASE AND LOAN PLANS

A plan has been adopted whereby the Commodity Credit Corporation enters into agreement with British corporations buying directly on U. S. markets, or with domestic companies buying tobacco on order from British manufacturers, authorizing them to buy, grade, prize, and store tobacco for the account of Commodity Credit Corporation.

Commodity Credit Corporation will advance funds for the purchase of the tobacco and for a portion of the handling charges. The remainder of the handling charges will be paid by the foreign manufacturer or its agent. In consideration for payment of such charges, the foreign manufacturers will be given an option extending until October 1, 1941, under which they can buy all or any part of the tobacco if and when exchange becomes available.

The Commodity Credit Corporation also made loans to farmer cooperative associations. The loans equal the advance to farmers, plus from \$1.75 to \$3 per hundred pounds to cover the cost to the Association of handling, grading, redrying, prizing, and storing the tobacco.

The purchase and loan program will cover not more than 30 million pounds of dark tobacco at a cost not exceeding \$4,000,000.

Dark tobacco¹ production, value, stocks and disappearance, 1919-39

Year beginning Oct. 1	Acreage harvested	Yield per acre	Season average price per pound	Farm value	Production	Stocks Oct. 1 (farm sales weight)	Supply Oct. 1 (farm sales weight)	Disappearance, year beginning Oct. 1 (farm sales weight)
	1,000 acres	Pounds	Cents	Million dollars	Million pounds	Million pounds	Million pounds	Million pounds
1919	570.0	740	17.2	72.5	422.1	294.2	716.3	357.0
1920	447.6	784	9.7	33.9	350.9	359.3	710.2	379.4
1921	300.2	791	16.3	38.6	237.3	330.8	568.1	302.2
1922	451.0	815	15.5	57.1	367.7	265.9	633.6	343.3
1923	468.7	814	12.1	46.0	381.7	290.3	672.0	360.9
1924	393.8	777	13.9	42.6	306.1	311.1	617.2	290.4
1925	386.3	784	9.5	28.9	303.0	326.8	629.8	265.6
1926	324.1	824	7.6	20.4	267.2	364.2	631.4	278.4
1927	202.9	740	13.9	20.9	150.1	353.0	503.1	238.3
1928	244.7	737	13.6	24.5	180.4	264.8	445.2	233.4
1929	296.6	834	12.6	31.3	247.2	211.8	459.0	253.6
1930	316.7	733	8.4	19.4	232.2	205.4	437.6	197.1
1931	312.2	810	4.7	11.8	253.0	240.5	493.5	202.9
1932	206.8	777	5.7	9.2	160.7	290.6	451.3	163.8
1933	209.0	763	8.7	13.9	159.4	287.5	446.9	173.6
1934	197.6	877	10.0	16.5	164.7	273.3	438.0	144.4
1935	179.3	828	8.9	13.3	148.4	293.6	442.0	171.8
1936	160.8	773	12.9	16.0	124.2	270.2	394.4	175.4
1937	196.3	847	10.0	16.6	166.4	219.0	385.4	156.7
1938	152.5	753	8.1	9.5	114.8	228.7	343.5	157.2
1939 ²	157.2	-----	9.2	12.9	140.0	192.3	332.3	-----

¹ Dark tobacco includes fire-cured and dark air-cured types.² Preliminary.

Dark tobacco exports, 1927-38
Estimated farm sales weight of exports to principal countries
 [All figures in millions of pounds, i. e., 000,000 omitted]

Year beginning October 1	Exported as leaf tobacco to—							
	France	Norway, Sweden, and Denmark	Belgium and the Netherlands	Germany	Spain	The United Kingdom	All other countries	Total
1927	17.6	7.8	25.4	16.5	16.7	11.7	42.7	138.4
1928	19.2	7.7	18.9	14.1	9.3	18.2	45.1	132.4
1929	41.5	6.4	28.7	13.1	5.9	17.0	46.7	159.3
1930	20.5	5.8	23.6	12.7	2.4	14.1	33.3	112.5
1931	33.9	6.2	19.6	8.7	11.8	13.0	30.3	123.4
1932	23.2	9.1	15.0	9.0	17.2	8.3	21.6	103.4
1933	22.0	9.0	19.7	9.1	5.9	5.6	24.4	95.6
1934	19.1	7.5	11.9	9.5	13.3	9.0	23.1	93.5
1935	20.7	9.3	11.1	5.8	8.6	7.5	22.5	85.4
1936	20.8	7.5	16.2	3.9	—	8.1	23.2	79.7
1937	20.5	7.1	12.3	3.5	—	8.9	21.2	73.5
1938	20.4	10.3	14.6	3.1	1.1	3.8	22.2	75.5

*Dark tobacco consumption outlets, 1919-38**Estimated farm sales weight used in specified products**[All figures in thousands of pounds; i. e., 000 omitted]*

Marketing year beginning October 1	Snuff	Chewing tobacco ¹	Smoking tobacco ¹	Cigars and ciga- rettes	Total ¹
1919-----	38,615	55,140	3,893	3,833	101,481
1920-----	33,656	40,347	2,992	3,242	80,237
1921-----	39,827	43,417	3,078	3,228	89,550
1922-----	40,712	44,512	3,045	3,537	91,806
1923-----	40,650	42,957	2,942	3,437	89,986
1924-----	39,067	41,880	2,985	3,281	87,213
1925-----	39,747	40,988	2,953	3,365	87,053
1926-----	39,759	37,713	2,636	3,413	83,521
1927-----	41,018	36,936	2,218	3,349	83,521
1928-----	41,218	35,926	2,188	3,415	82,747
1929-----	42,411	33,915	2,171	3,231	81,728
1930-----	42,366	30,957	1,973	2,960	78,256
1931-----	38,793	27,498	2,136	2,535	70,962
1932-----	37,543	25,723	2,155	2,411	67,832
1933-----	38,531	24,765	2,151	2,596	68,043
1934-----	36,870	24,271	2,549	2,659	66,359
1935-----	38,375	24,608	2,741	2,851	68,575
1936-----	38,241	25,327	2,793	3,069	69,420
1937 ² -----	38,586	23,071	2,652	2,879	67,208
1938 ² -----	39,666	22,615	2,575	3,000	67,856

¹ Classified according to principal use of product involved.² Preliminary.

MARYLAND TOBACCO SITUATION

Maryland tobacco, which represents about 2 percent of the United States production, is used mainly in cigarette blends. It is best known for its fine burning qualities.

EXPORTS RELATIVELY SMALL

About 5 million pounds, or between 15 and 20 percent of the crop, is exported. Formerly more than one-half the annual production was exported.

NO SPECIAL ALLOTMENT

Maryland tobacco is included in the general soil-depleting acreage allotment and there is no special allotment for this tobacco under the Agricultural Conservation Program.

QUOTA PROVISIONS APPLY

Although the quota provisions of the Farm Act apply to Maryland tobacco in the same manner as to other kinds of tobacco, no marketing quota has been proclaimed because the total supply has not been at levels requiring announcement of a quota.

Maryland tobacco production, value, stocks, and disappearance, 1919-39

Year beginning Oct. 1	Acreage har-vested	Yield per acre	Season aver- age price per pound	Farm value	Production	Stocks Oct. 1 ²	Supply Oct. 1 ²	Disappe- ance, year beginning Oct. 1 ²
	1,000 acres	Pounds	Cents	Million dollars	Million pounds	Million pounds	Million pounds	Million pounds
1919	29.0	675	25.9	5.1	19.6	22.3	41.9	22.6
1920	31.0	875	17.8	4.8	27.1	19.3	46.4	26.3
1921	26.0	715	16.9	3.1	18.6	20.1	38.7	21.0
1922	26.0	770	23.8	4.8	20.0	17.7	37.7	24.6
1923	27.0	792	27.7	5.9	21.4	13.1	34.5	18.6
1924	32.0	765	22.7	5.6	24.5	15.9	40.4	23.0
1925	30.0	823	23.7	5.9	24.7	17.4	42.1	22.0
1926	31.0	840	20.2	5.3	26.0	20.1	46.1	23.6
1927	32.0	818	23.4	6.1	26.2	22.5	48.7	22.6
1928	31.0	660	27.2	5.6	20.5	26.1	46.6	26.6
1929	33.0	750	27.7	6.9	24.7	20.0	44.7	26.7
1930	35.0	560	26.6	5.2	19.6	18.0	37.6	14.5
1931	38.5	730	15.0	4.2	28.1	23.1	51.2	19.5
1932	37.0	775	16.8	4.8	28.7	31.7	60.4	18.7
1933	37.0	600	17.8	4.0	22.2	41.7	63.9	27.3
1934	36.4	720	17.5	4.6	26.2	36.6	62.8	22.3
1935	37.0	775	20.0	5.7	28.7	40.5	69.2	26.9
1936	37.5	820	25.4	7.8	30.7	42.3	73.0	27.0
1937	35.0	650	17.2	3.9	23.4	46.1	69.5	28.4
1938	37.5	780	20.0	5.8	29.2	41.1	70.3	28.9
1939 ¹	38.2	780			29.8	41.4	71.2	

¹ Preliminary.² Farm sales weight basis.

Maryland tobacco consumption outlets, 1919-39

Estimated farm sales weight used in specified products

[All figures in thousands of pounds, i. e., 000 omitted]

Year beginning Jan. 1	Cigarettes	Granulated smoking	Other smoking	Total
1919-----	2, 119	613	273	3, 005
1920-----	2, 200	753	266	3, 219
1921-----	2, 391	972	262	3, 625
1922-----	2, 861	1, 153	275	4, 289
1923-----	4, 014	1, 129	275	5, 418
1924-----	4, 240	1, 077	304	5, 621
1925-----	5, 234	1, 160	308	6, 702
1926-----	5, 538	942	309	6, 789
1927-----	8, 314	835	298	9, 447
1928-----	8, 692	747	301	9, 740
1929-----	9, 524	894	313	10, 731
1930-----	9, 656	976	340	10, 972
1931-----	9, 213	1, 430	371	11, 014
1932-----	7, 872	2, 358	350	10, 580
1933-----	9, 265	2, 707	331	12, 303
1934-----	14, 900	2, 799	331	18, 030
1935-----	15, 708	2, 637	326	18, 671
1936-----	17, 476	2, 561	341	20, 378
1937-----	18, 390	2, 530	331	21, 251
1938-----	18, 544	2, 645	375	21, 564
1939 ¹ -----	19, 500	2, 600	400	22, 500

¹ Preliminary.

Maryland tobacco exports, 1926-38
Estimated farm sales weight of exports to principal countries
[All figures in thousands of pounds, i. e., 000 omitted]

Year beginning Oct. 1	Belgium	Denmark	France	Germany	Italy	Netherlands	Switzerland	Other	Total
1926	1, 072	635	7, 302	987	1, 275	5, 873	1, 362	1, 091	19, 597
1927	624	395	4, 182	609	448	4, 489	1, 311	1, 069	13, 127
1928	774	108	7, 568	352	81	2, 204	1, 957	1, 785	13, 829
1929	995	372	1, 970	410	160	1, 103	1, 671	1, 413	8, 094
1930	806	266	5, 795	142	219	1, 774	1, 961	1, 972	10, 935
1931	1, 042	88	3, 851	186	296	1, 231	1, 603	491	8, 788
1932	1, 165	115	2, 213	220	391	3, 110	1, 722	261	9, 197
1933	1, 230	199	1, 138	648	78	3, 950	2, 045	702	9, 990
1934	272	105	308	356	201	2, 259	1, 463	407	5, 371
1935	320	145	800	387	---	2, 411	1, 024	869	5, 956
1936	773	134	1, 151	118	2	2, 061	1, 051	449	5, 739
1937	466	136	407	38	7	511	2, 165	331	4, 061
1938	465	123	742	116	---	1, 993	1, 636	780	5, 855

THE COTTON PROGRAM

Cooperators in the cotton program may work together to obtain their fair share of the national income, to increase domestic and foreign use of American cotton, to conserve and rebuild the soil, and to protect consumers by maintaining a stable and adequate flow of cotton to market. The program includes:

ACREAGE ADJUSTMENT.—Each farmer's acreage allotment represents his share of a desirable national acreage. The national acreage allotted for 1938, 1939, and 1940 has resulted in a reduction of approximately 35 percent in the farmer's normal acreage.

SOIL-BUILDING PRACTICES.—To improve soil fertility and prevent erosion.

PAYMENTS.—Soil-conservation payments assist farmers in meeting the unavoidable costs of better land use and balancing supplies with demand; price adjustment payments bring cotton income closer to parity.

MARKETING QUOTAS.—When the market supply becomes excessive, quotas, if approved by producers, may be applied to help regulate the amount of cotton marketed. Producers who market in excess of their marketing quotas pay a penalty on the excess marketings.

LOANS.—Cotton loans (not available when quotas are rejected) provide farmers with the means to withhold their cotton from market until prices are more favorable.

EXPORT PROGRAM.—Payments on exports of lint cotton and cotton goods are designed to restore the normal competitive position of American cotton in world markets and to assure the United States its fair share of export trade.

USE OF SURPLUS COTTON.—In an effort to get more cotton used, the Government is trying to develop new uses and outlets.

NEED FOR A COTTON PROGRAM

One-third of all the farm people in the United States live on farms on which cotton is grown. Farm population is very dense in the Cotton Belt. The pressure of this population for income has caused excessive acreages of cotton to be grown, and at the present time there are excess supplies of cotton both in the United States and in the world. Normally, American cotton farmers have sold half or more of their crop on foreign markets in competition with foreign growers, often at depressed world prices. Since the first World War it has become increasingly difficult to sell normal quantities of American cotton abroad. The use of substitute fibers and other products for cotton is further adding to the difficulties of the cotton producer.

In the Cotton Belt a high percentage of the cropland is devoted to intertilled crops, resulting in large areas being eroded and depleted. Due to lack of universally adapted varieties of perennial or biennial legumes and grasses, it is both costly and difficult to keep a cover on the land during the entire year.

COTTON MARKETING QUOTA REFERENDUMS

For 3 consecutive years, cotton farmers have approved the cotton marketing quota program. The table below shows the results of cotton referendums for the 1938, 1939, and 1940 crops:

Crop	Number of voters	Affirmative	Negative	Percentage in favor of quotas
1938---	1, 527, 028	1, 406, 088	120, 940	92. 1
1939---	1, 169, 663	983, 903	185, 760	84. 1
1940---	962, 273	877, 297	84, 976	91. 2

WORLD STOCKS OF AMERICAN COTTON

The world carry-over of American cotton reached an all-time high as of August 1939 when it was estimated at 14.0 million bales. Including 1939 production of 11.7 million bales, this indicated a total supply for 1939-40 of 25.8 million bales, which is equal to 2 years' use at the average rate of consumption for the 10-year period 1928-37.

WORLD STOCKS, ALL KINDS

World cotton stocks of all kinds are shown in the table on page 9. The world carry-over of all cotton is in excess of 50 million bales, while mill consumption of world cotton during 1938-39 totaled about 28.5 million bales. Although 1938-39 consumption exceeded the average by about 4.5 million bales, and was the second highest figure on record, it did not materially exceed production and made no significant inroads into the huge stocks.

The critical situation now prevailing for cotton had its inception in the world-wide depression.

THE COTTON EXPORT PROGRAM

A program to assure the United States its fair share of the world cotton markets was announced, effective July 27, 1939. Under the program payments would be made on exports of lint cotton produced in the United States and on exports of cotton goods produced and processed domestically. When announced, the program was described as a temporary plan intended to benefit the entire cotton industry and to re-establish the Nation's position in world cotton markets. The export program makes use of the established system of trading, payments going to the exporter.

HOW IT WORKS

Under the program an exporter makes application for payment and furnishes proof of exportation of cotton or American produced and processed cotton goods. He will be paid, if his claim is acceptable, at a specified rate per pound, net-weight basis, of lint cotton exported, and at equivalent rates for cotton goods.

The rates of payment may be varied, if deemed advisable, in order to maintain our competitive position and offset price disparities. It was originally announced at 1½ cents a pound and subsequently has been reduced.

**U. S. cotton acreage, yield, and production,
1909-39**

Crop year	Acreage		Abandonment ²	Production	Average yield per acre
	Plant-ed ¹	Har-vested			
	<i>1,000 acres</i>	<i>1,000 acres</i>	<i>Percent</i>	<i>1,000 bales ³</i>	<i>Pounds</i>
1909-10	31,744	30,555	3.7	10,005	156.5
1910-11	32,480	31,508	3.0	11,609	176.2
1911-12	35,634	34,916	2.0	15,694	215.0
1912-13	33,199	32,557	1.9	13,703	201.4
1913-14	35,721	35,206	1.4	14,153	192.3
1914-15	36,197	35,615	1.6	16,112	216.4
1915-16	30,544	29,951	1.9	11,172	178.5
1916-17	33,977	33,071	2.7	11,448	165.6
1917-18	33,064	32,245	2.5	11,284	167.4
1918-19	36,123	35,038	3.0	12,018	164.1
1919-20	34,573	32,906	4.8	11,411	165.9
1920-21	35,872	34,408	4.1	13,429	186.7
1921-22	29,716	28,678	3.5	7,945	132.5
1922-23	32,176	31,361	2.5	9,755	148.8
1923-24	37,000	35,550	3.9	10,140	136.4
1924-25	40,690	39,501	2.9	13,630	165.0
1925-26	45,968	44,386	3.4	16,105	173.5
1926-27	45,839	44,608	2.7	17,978	192.9
1927-28	39,471	38,342	2.9	12,956	161.7
1928-29	43,737	42,434	3.0	14,477	163.3
1929-30	44,448	43,232	2.7	14,825	164.2
1930-31	43,329	42,444	2.0	13,932	157.1
1931-32	39,110	38,704	1.0	17,097	211.5
1932-33	36,494	35,891	1.7	13,003	173.5
1933-34	40,248	⁴ 29,383	⁵ 27.0	13,047	212.7
1934-35	27,860	26,866	3.6	9,636	171.6
1935-36	28,063	27,509	2.0	10,638	185.1
1936-37	30,627	29,755	2.8	12,399	199.4
1937-38	34,090	33,623	1.4	18,946	269.9
1938-39	25,018	24,248	3.1	11,943	235.8
1939-40	24,832	23,928	3.6	11,792	235.9

¹ Prior to 1927, planted acreage estimates relate to acreage in cultivation June 25; beginning 1927, to acreage in cultivation July 1.

² Computed by the Southern Division, AAA.

³ 500-pound gross weight bales.

⁴ Acreage in cultivation July 1, less removal of acreage reported by the AAA, less abandonment on area not under contract.

⁵ Abandonment on area not under contract averaged 1.3 percent.

Compiled from Agricultural Statistics, 1938, U. S. D. A., except data for 1935-36 to 1939-40, from reports of BAE.

Cotton: Acreage in specified countries, and world total, 1909-10 to 1939-40

[All figures in thousands of acres, i. e., 000 omitted]

Crop year	Acreage in—										
	United States	India	China ¹	Russia	Egypt	Brazil	Uganda	Peru	Mexico	Argentina	Anglo-Egyptian Sudan
1909-10	30, 555	21, 005	(²)	(²)	1, 658	(²)	25	(²)	284	4	28
1910-11	31, 508	23, 040	(²)	(²)	1, 705	(²)	42	(²)	284	5	48
1911-12	34, 916	21, 415	(²)	(²)	1, 776	778	61	(²)	205	4	62
1912-13	32, 557	22, 028	(²)	(²)	1, 787	878	50	(²)	266	7	51
1913-14	35, 206	25, 027	(²)	(²)	1, 788	1, 006	110	(²)	226	5	30
1914-15	35, 615	24, 595	(²)	1, 995	1, 822	1, 029	119	(²)	(²)	8	75
1915-16	29, 951	17, 773	(²)	2, 043	1, 231	806	92	139	(²)	9	55
1916-17	33, 071	21, 771	(²)	2, 093	1, 719	791	130	137	(²)	8	92
1917-18	32, 245	25, 336	(²)	1, 293	1, 741	912	134	158	(²)	29	66
1918-19	35, 038	21, 037	(²)	365	1, 366	821	145	192	(²)	32	58
1919-20	32, 906	23, 386	5, 016	373	1, 634	805	157	220	(²)	33	61
1920-21	34, 408	21, 339	5, 503	315	1, 897	948	242	258	(²)	59	85

1921-22	28, 678	18, 451	5, 834	296	1, 339	1, 257	165	268	241	39	87
1922-23	31, 361	21, 804	5, 504	174	1, 869	1, 511	346	275	343	56	64
1923-24	35, 550	23, 631	5, 425	527	1, 780	1, 550	419	281	292	155	116
1924-25	39, 501	26, 801	5, 041	1, 244	1, 856	1, 912	573	288	346	258	174
1925-26	44, 386	28, 403	5, 000	1, 464	1, 998	1, 542	611	293	425	272	239
1926-27	44, 608	24, 822	5, 500	1, 631	1, 854	1, 422	570	316	613	177	216
1927-28	38, 342	24, 761	6, 000	1, 981	1, 574	1, 376	533	316	326	210	239
1928-29	42, 434	27, 053	5, 351	2, 400	1, 805	1, 393	700	283	502	245	284
1929-30	43, 232	25, 922	5, 964	2, 608	1, 911	1, 726	663	314	492	301	369
1930-31	42, 444	23, 812	6, 068	3, 911	2, 162	1, 694	740	330	390	315	387
1931-32	38, 704	23, 722	5, 618	5, 281	1, 747	2, 000	866	314	319	336	336
1932-33	35, 891	22, 483	6, 772	5, 367	1, 135	1, 703	1, 071	304	192	342	325
1933-34	29, 383	24, 137	6, 721	5, 070	1, 873	2, 851	1, 091	322	424	482	333
1934-35	26, 866	23, 972	7, 078	4, 796	1, 798	3, 981	1, 186	367	418	707	365
1935-36	27, 509	25, 999	6, 250	4, 827	1, 733	5, 054	1, 366	401	599	763	392
1936-37	29, 755	25, 278	8, 447	5, 023	1, 781	5, 220	1, 485	409	845	713	475
1937-38	33, 623	26, 084	9, 300	5, 163	2, 053	6, 010	1, 759	388	830	815	443
1938-39	24, 248	23, 954	5, 580	5, 147	1, 852	6, 000	1, 530	400	1, 493	841	458
1939-40 ³	23, 928	22, 000	5, 000	5, 190	1, 687	(²)	1, 574	(²)	(²)	927	427

¹ Includes Manchuria.² Comparable data not available.³ Preliminary.

Compiled from B. A. E. statistics.

Cotton: Yield per acre in specified countries, 1920-21 to 1939-40

Crop year	Yield per acre in (pounds)									
	United States	India	Egypt	Russia	China ¹	Brazil	Peru	Anglo-Egyptian Sudan	Argentina	Uganda
1920-21	187	67	315	88	209	252	328	146	211	134
1921-22	133	97	322	69	180	175	332	110	207	117
1922-23	149	93	356	151	218	153	345	179	220	102
1923-24	136	87	363	179	212	170	361	157	182	123
1924-25	165	91	388	174	238	185	358	113	124	137
1925-26	174	88	395	255	235	174	343	213	238	118
1926-27	193	81	409	243	200	166	372	287	156	92
1927-28	162	96	383	264	225	161	372	222	262	104
1928-29	163	85	443	234	243	148	380	238	232	117
1929-30	164	81	442	225	197	158	458	180	239	78
1930-31	157	88	379	194	206	136	393	131	211	102
1931-32	212	68	362	167	178	133	356	293	240	96
1932-33	174	83	433	162	192	135	381	178	209	110
1933-34	213	85	454	178	212	170	413	194	198	105
1934-35	172	81	416	169	219	159	448	298	200	85
1935-36	185	91	488	224	204	166	470	245	234	95
1936-37	199	100	506	324	219	167	451	270	96	86
1937-38	270	89	531	343	185	165	512	285	139	95
1938-39	236	87	446	353	197	152	470	275	143	78
1939-40 ²	236	91	514	368	182	(³)	(³)	(³)	(³)	(³)

¹ Includes Manchuria.² Preliminary.³ Comparable data not available.

Compiled from BAE statistics.

Cotton, all kinds: Commercial production, world carry-over, world supply, and mill consumption in world, foreign countries, and United States, 1922-23 to 1939-40

[All figures in thousands of bales, i. e., 000 omitted]

[American cotton in running bales; foreign cotton in equivalent bales of 478 pounds net weight]

Crop year	Commercial production ¹	World carryover beginning of season	World supply	Mill consumption in—		
				World	Foreign countries	United States
1922-23	18,451	10,494	28,945	21,337	14,671	6,666
1923-24	19,090	7,571	26,661	20,027	14,346	5,681
1924-25	24,094	6,614	30,708	22,734	16,541	6,193
1925-26	26,743	7,948	34,691	24,168	17,712	6,456
1926-27	27,930	10,473	38,403	25,679	18,489	7,190
1927-28	23,343	12,654	35,997	25,442	18,608	6,834
1928-29	25,802	10,535	36,337	25,778	18,687	7,091
1929-30	26,251	10,541	36,792	24,875	18,769	6,106
1930-31	25,376	11,892	37,268	22,432	17,169	5,263
1931-32	26,479	14,808	41,287	22,889	18,023	4,866
1932-33	23,461	18,336	41,797	24,651	18,514	6,137
1933-34	26,066	17,116	43,182	25,602	19,902	5,700
1934-35	23,042	17,540	40,582	25,480	20,119	5,361
1935-36	26,141	15,072	41,213	27,529	21,178	6,351
1936-37	30,796	13,649	44,445	30,634	22,684	7,950
1937-38	36,784	13,766	50,550	27,746	21,998	5,748
1938-39	27,407	22,639	50,046	28,518	21,660	6,858
1939-40 ²	27,450	21,462	48,912	(³)	(³)	(³)

¹ Includes only raw cotton entering commercial channels.

² Preliminary.

³ Comparable data not available.

Bureau of Agricultural Economics. Compiled from reports of the New York Cotton Exchange Service.

Cotton, American: Commercial production, world carry-over, world supply, mill consumption, domestic exports, and average price received by farmers, 1911-12 to 1939-40

[Running bales, counting round as half bales]

Crop year	Commercial production ¹	World carry-over beginning of season	World supply	Mill consumption in—			Domestic exports	Average price per pound received by farmers
				World	United States	Foreign countries		
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Cents
1911-12 ²	15,726	2,440	18,166	14,167	4,921	9,246	10,719	9.6
1912-13 ²	13,695	3,929	17,624	14,332	5,250	9,082	8,746	11.5
1913-14 ²	14,018	3,252	17,270	13,748	5,383	8,365	9,151	12.5
1914-15	16,231	3,769	20,000	13,249	5,375	7,874	8,545	7.4
1915-16	11,307	6,716	18,023	13,039	6,081	6,958	6,191	11.2
1916-17	11,559	4,889	16,448	12,562	6,471	6,091	5,739	17.3
1917-18	11,558	3,851	15,409	10,871	6,382	4,489	4,288	27.1
1918-19	12,196	4,513	16,709	9,909	5,590	4,319	5,592	28.9
1919-20	11,511	6,750	18,261	11,898	6,003	5,895	6,545	35.4
1920-21	13,664	6,338	20,002	10,268	4,677	5,591	5,745	15.9
1921-22	8,285	9,674	17,959	12,209	5,613	6,596	6,184	17.0
1922-23	10,124	5,680	15,804	12,449	6,325	6,124	4,823	22.9
1923-24	10,330	3,318	13,648	10,917	5,353	5,564	5,656	28.7

1924-25	14, 006	2, 711	16, 717	13, 311	5, 917	7, 394	8, 005	22. 9
1925-26	16, 181	3, 380	19, 561	14, 010	6, 176	7, 834	8, 052	19. 6
1926-27	18, 162	5, 501	23, 663	15, 748	6, 880	8, 868	10, 927	12. 5
1927-28	12, 957	7, 845	20, 802	15, 576	6, 535	9, 041	7, 542	20. 2
1928-29	14, 555	5, 206	19, 761	15, 226	6, 778	8, 448	8, 044	18. 0
1929-30	14, 716	4, 517	19, 233	13, 021	5, 803	7, 218	6, 690	16. 8
1930-31	13, 873	6, 187	20, 060	11, 056	5, 084	5, 972	6, 760	9. 5
1931-32	16, 877	8, 976	25, 853	12, 528	4, 744	7, 784	8, 708	5. 7
1932-33	12, 961	13, 263	26, 224	14, 385	6, 004	8, 381	8, 419	6. 5
1933-34	12, 712	11, 809	24, 521	13, 780	5, 553	8, 227	7, 534	³ 10. 2
1934-35	9, 576	10, 701	20, 277	11, 206	5, 241	5, 965	4, 799	³ 12. 4
1935-36	10, 495	9, 041	19, 536	12, 503	6, 221	6, 282	5, 973	³ 11. 1
1936-37	12, 375	6, 998	19, 373	13, 093	7, 768	5, 325	5, 440	12. 3
1937-38	18, 412	6, 235	24, 647	10, 870	5, 616	5, 254	5, 598	³ 8. 4
1938-39	11, 665	13, 712	25, 377	11, 281	6, 736	4, 545	3, 327	³ 8. 6
1939-40 ⁴	11, 600	14, 030	25, 630	(⁶)	(⁶)	(⁶)	(⁶)	³ 5 8. 9

¹ Includes only raw cotton entering commercial channels.

² Prior to 1914-15 the season was considered as running from Sept. 1 to Aug. 31, except for domestic exports and farm price, with the result that carry-over prior to 1914-15 was as of Aug. 31, whereas beginning with 1914-15 it has been as of July 31.

³ Includes unredeemed loans on cotton at estimated average loan value.

⁴ Preliminary.

⁶ Comparable data not available.

Compiled from Reports of the New York Cotton Exchange Service. Domestic export data from the Bureau of Foreign and Domestic Commerce; farm price data from B. A. E.

Rayon production, cotton equivalent, and rayon price, 1911-38

Calendar year	Production in—							Total world production	Equivalent in cotton ¹	Price per pound ²
	United States	Japan	Germany	Italy	Great Britain	France	Other countries			
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	1,000 bales	Dollars
1911	0.4	—	—	—	—	2.6	15.7	18.7	44.0	1.85
1912	1.1	—	—	—	—	2.9	15.8	19.8	46.6	1.85
1913	1.8	—	7.7	0.3	6.6	3.3	5.5	25.2	59.3	1.85
1914	2.4	—	3.5	—	4.0	2.0	7.8	19.7	46.4	1.96
1915	3.9	—	2.2	—	4.0	.9	7.5	18.5	43.5	2.12
1916	5.8	—	5.5	—	3.5	1.6	7.0	23.4	55.1	3.11
1917	6.5	—	6.6	—	3.8	1.2	6.1	24.2	56.9	3.86
1918	5.8	0.1	8.8	.4	3.0	1.4	6.4	25.9	60.9	4.40
1919	8.3	.1	7.7	.7	4.8	1.8	4.4	27.8	65.4	4.77
1920	10.1	.2	5.2	1.6	6.0	3.4	6.6	33.1	77.9	4.66
1921	15.0	.2	7.7	3.2	9.0	4.4	8.7	48.2	113.4	2.67
1922	24.1	.5	11.0	6.6	14.5	6.8	13.1	76.6	180.2	2.80
1923	35.0	.8	14.3	11.0	17.0	7.7	17.2	103.0	242.4	2.80
1924	36.3	1.4	23.2	17.6	24.7	13.2	21.9	138.3	325.4	2.11

1925	51.0	3.2	26.0	30.8	29.8	14.3	30.2	185.3	436.0	2.00
1926	62.7	5.0	24.7	36.8	25.5	19.2	37.8	211.7	498.1	1.81
1927	75.6	10.5	41.3	53.8	38.8	24.2	50.9	295.1	694.4	1.49
1928	97.2	16.6	48.9	57.3	52.1	29.9	58.6	360.6	848.5	1.50
1929	121.9	26.0	60.8	73.0	55.4	41.8	62.5	441.4	1,038.6	1.25
1930	127.7	36.6	63.4	67.0	47.8	50.6	64.3	457.4	1,076.2	1.06
1931	151.8	48.3	66.3	75.6	53.5	44.5	67.6	507.6	1,194.4	.76
1932	135.8	70.3	61.0	71.7	71.1	52.2	72.5	534.6	1,257.9	.66
1933	215.6	99.3	71.6	84.4	82.5	59.2	78.7	691.3	1,626.6	.61
1934	210.5	157.8	100.7	107.4	91.3	61.6	95.1	824.4	1,939.8	.59
1935	262.2	237.9	135.5	153.4	121.5	66.7	102.9	1,080.1	2,541.4	.57
1936	289.9	320.8	193.4	196.1	143.0	66.1	111.5	1,320.8	3,107.8	.59
1937	341.9	508.6	344.2	262.9	152.4	77.7	130.4	1,818.1	4,277.9	.62
1938 ³	287.5	584.6	471.0	268.3	138.2	72.6	125.8	1,948.0	4,583.5	.52

¹ Computed on the basis of 425 pounds of rayon to each 500-pound gross weight bale of cotton.

² A-grade, 150 denier, continuous filament rayon, first quality, New York.

³ Preliminary.

Compiled from *Rayon Organon*, issues of January 1939 and June 1939. Textile Economics Bureau. Price per pound 1913 to 1938 from reports of the Bureau of Labor Statistics.

WHY A WHEAT PROGRAM?

Principal reasons for a wheat program are to protect the income of the wheat farmer and to conserve the soil. Domestic consumption and foreign demand for United States wheat limit the amount of wheat which farmers can expect to sell at a fair price.

STABLE CONSUMPTION

CONSUMPTION REMAINS FAIRLY STABLE.—Average annual per capita consumption of wheat as food for human beings for the 4-year period beginning July 1, 1925, was 4.3 bushels. This average decreased slightly to 3.9 bushels for the next 5-year period, 1929-33, and to 3.7 bushels for 1934-38. Total domestic consumption of wheat increases slightly when wheat prices are low in relation to other feeds and more wheat is fed to livestock.

LIMITED EXPORTS

WORLD MARKETS GLUTTED.—After a record-breaking world production in 1938 and a crop nearly as large in 1939, the world 1939-40 supply of 5,429,000,000 bushels set a new all-time high record. The world has 5 bushels for every 4 bushels it needs. In 1938-39, surplus-producing countries had available for export a supply exceeding 900 million bushels while world import takings were only about 600 million bushels.

SURPLUS

LOW PRICES.—Production has increased but consumption and export outlets have not. This situation means surpluses and low prices unless farmers cooperate to meet the problem.

WASTE.—Production which creates price-depressing surpluses uses up soil fertility, a great natural resource which the Nation and the farmer cannot afford to waste.

THE WHEAT PROGRAM

Commercial wheat producers participating in the AAA program can take definite steps to conserve and rebuild soil and protect consumers by maintaining a stable and adequate supply at prices fair to both producers and consumers by means of:

Acreage Allotments.—The wheat acreage allotments established under the program are intended to adjust the commercial wheat acreage to requirements in order to prevent wasting fertility by producing something nobody wants.

Loans.—Loans provide wheat farmers with a price stop-loss by enabling them to store their wheat, thereby affording greater freedom in marketing. Wheat loans also help build up the Ever-Normal Granary. Cooperators are eligible for loans in years when the crop is large or the price low. Noncooperators are eligible for loan when quotas are in effect but only on their excess supplies and at lower rates.

Crop Insurance.—To guarantee farmers wheat to sell every year through the Ever-Normal Granary.

Marketing Quotas.—To hold surpluses off markets when a two-thirds majority of growers approve.

Soil-Building Practices.—To conserve and improve soil fertility.

FIRST YEAR OF THE WHEAT PROGRAM

Working together in a single year under the new wheat program, U. S. wheat farmers have made outstanding progress toward a workable policy. In the face of a depressed world-wheat situation, U. S. wheat farmers during the last year improved their domestic supply situation, and domestic farm prices of wheat ranged from 25 to 35 cents a bushel above the normal relationship with world price.

ACREAGE.—U. S. farmers, recording a high percentage of compliance with 1939 acreage allotments, reduced seedings 19 percent under 1938. Of the 65 million acres seeded, an estimated 55 million acres were harvested.

SUPPLY.—Production in 1939 was 755 million bushels. With a carry-over on July 1, 1939, of 254 million bushels, the 1939-40 domestic wheat supply was 1,009 million bushels, approximately 75 million bushels less than for 1938-39.

EXPORTS.—Under the 1938-39 export program, the United States sold 118 million bushels for export, and of this 107 million bushels were actually exported by June 30, 1939.

EVER-NORMAL GRANARY.—Through the AAA, farmers have created an effective Ever-Normal Granary. The U. S. carry-over on July 1, 1939, was 254 million bushels, more than 100 million bushels greater than the average of the 1920's. About 85 million bushels were stored under 1938 loans. Of the 166,000 wheat growers who insured their 1939 crop, about 52,000 growers collected indemnities of approximately 10,000,000 bushels.

HIGHER INCOME.—The Liverpool price of wheat *usually* is well above the U. S. farm price. For example, in August 1938 the average U. S. farm price was 34 cents below the Liverpool price. In May 1939 both the U. S. farm price and Liverpool averaged about 63 cents. The spread had changed about 34 cents in favor of U. S. farmers.

But in addition to price benefits, wheat farmers who were AAA cooperators through the loan and parity and conservation payments, in 1939, were able to realize at least 80 to 90 cents a bushel.

WHEAT EXPORTS AND IMPORTS

Although there has been for many years an annual flow of wheat imports and exports to and from the United States, our wheat trade is on a net export basis.

During the year ending June 30, 1939, 107 million bushels of wheat (including grain and flour from United States wheat) were exported. Only 349,000 bushels, exclusive of wheat milled in bond, were imported.

IMPORTS

Because of reduced supplies resulting from small crops caused by drought and rust, the United States had small net imports in the years 1934, 1935, and 1936. However, the United States resumed its historic export position in 1937, and the Ever-Normal Granary features of the program are designed to assure adequate supplies for available export markets. Practically no wheat is now being imported for human or livestock consumption.

The total of 8,989,000 bushels was imported in 1938-39 for purpose of milling in bond. This wheat was shipped into the United States under bond, was milled by United States mills with United States labor, and exported.

DUTY

All wheat imported for human consumption pays a tariff of 42 cents a bushel. Wheat imported for feed for livestock is subject to tariff amounting to 5 percent of its money value.

OTHER WHEAT-PRODUCING COUNTRIES

Taking the world as a whole, more farmers are dependent on wheat production for a living than on that of any other crop. Consequently, wheat has received first consideration in agricultural relief measures. In virtually every country, whether it exports or imports wheat, some form of government assistance is designed to increase the price received by domestic producers.

FOREIGN MEASURES

Measures in the major regions outside the United States which are considered wheat-exporting include:

Argentina.—Until recently the Grain Regulating Board has purchased wheat at minimum guaranteed prices established by the Government. The Government also has complete control of foreign exchange. Since the beginning of the European war, those minimum prices have been discontinued.

Australia.—A Wheat Industry Assistance Scheme for maintaining the price of wheat sold for home consumption at a stabilized level has been in effect, together with measures for drought relief and for converting submarginal wheat lands to other uses. Since the outbreak of the war in Europe, the Commonwealth Government has announced a new program whereby it will acquire control of the new crop and establish a compulsory wheat pool.

Canada.—Canadian Wheat Board buys from a producer up to 5,000 bushels of his 1939 crop at a fixed price (70 cents); all over 5,000 bushels grown by the same producer in 1939 may be sold to cooperatives at a lower fixed price (60 cents, or the open market price). Thus growers are protected and cooperative marketing encouraged. Control of exports has also been announced as a war measure.

Danube Basin countries.—Complete Government control of wheat exports. In those countries the most effective means of moving wheat into export has proved to be bilateral treaties or agreements with certain wheat importing countries of Europe.

United States wheat picture since 1923

Year beginning July	Seeded acreage	Yield per seeded acre	Produc- tion	Carry-over beginning of year ¹	Total supply ²	Total domestic utilization	United States exports ³	U. S. average farm price	U. S. average parity price	Imported wheat parcels at Liverpool	No. 2 hard winter wheat at Chicago
	Million acres	Bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Cents per bushel	Cents per bushel	Cents per bushel	Cents per bushel
1923	64.5	11.8	759	132	891	620	149	92.6	145.0	120.8	105.8
1924	55.7	15.1	842	137	979	613	258	124.7	148.5	175.7	138.8
1925	61.7	10.8	669	108	777	581	98	143.7	149.4	168.9	161.0
1926	60.7	13.7	832	100	932	613	209	121.7	147.6	162.8	140.1
1927	65.7	13.3	875	110	985	679	194	119.0	147.6	151.9	138.5
1928	71.2	12.9	914	112	1,026	654	144	99.8	147.6	127.5	117.2
1929	66.8	12.3	823	228	1,051	619	143	103.6	145.0	129.2	129.7
1930	67.2	13.2	887	289	1,176	748	115	67.1	132.6	79.7	84.5
1931	66.0	14.3	942	313	1,255	754	126	39.0	114.0	59.2	52.9
1932	65.9	11.5	757	375	1,132	719	35	38.2	102.5	53.8	52.7
1933	68.5	8.1	552	378	930	627	29	74.4	109.6	68.2	94.1
1934	63.6	8.3	526	274	800	654	14	84.8	115.8	80.6	102.5
1935	69.2	9.1	626	148	774	660	7	83.2	112.3	90.0	103.9
1936	73.7	8.5	627	142	769	688	12	102.6	117.6	125.8	116.5
1937	81.1	10.8	876	83	959	703	103	96.3	116.7	124.5	118.0
1938	79.9	11.7	931	153	1,084	720	110	54.7	111.4	69.5	70.4
1939 ⁴	64.6	11.4	739	254	993	675					

¹ Includes small amount of new wheat in some years prior to 1937.² Total supply as defined in the Agricultural Adjustment Act of 1938 is carry-over plus production.

Source: BAE.

³ Includes shipments of wheat and flour to noncontiguous U. S. Territories, and includes only flour made wholly of domestic wheat.⁴ Preliminary estimate.

Wheat (including flour): Estimated world stocks, production, disappearance, world trade, and U. S. exports, 1923 to 1939

Year beginning July 1	World stocks on about July 1	World produc- tion (exclud- ing Soviet Russia and China)	Total disap- pear- ance (exclud- ing Soviet Russia and China)	World trade in wheat ^{1 2}	United States net exports ²	Percent United States exports are of world trade
	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Percent</i>
1923.....	577	3,535	3,389	833	130	15.6
1924.....	723	3,143	3,293	776	259	33.4
1925.....	573	3,396	3,316	702	106	15.1
1926.....	653	3,504	3,470	853	202	23.7
1927.....	687	3,683	3,619	823	187	22.7
1928.....	751	4,005	3,736	947	154	16.3
1929.....	1,020	3,582	3,659	629	145	23.1
1930.....	943	3,894	3,791	839	116	13.8
1931.....	1,046	3,877	3,880	795	115	14.5
1932.....	1,043	3,876	3,775	630	33	5.2
1933.....	1,144	3,848	3,799	555	29	5.2
1934.....	1,193	3,561	3,801	541	³ 4	-----
1935.....	952	3,602	3,789	523	³ 31	-----
1936.....	766	3,579	3,806	609	³ 17	-----
1937.....	519	3,852	3,771	554	118	21.3
1938.....	599	4,588	3,998	643	102	15.9
1939 ⁴	1,189	4,287	4,000	-----	-----	-----

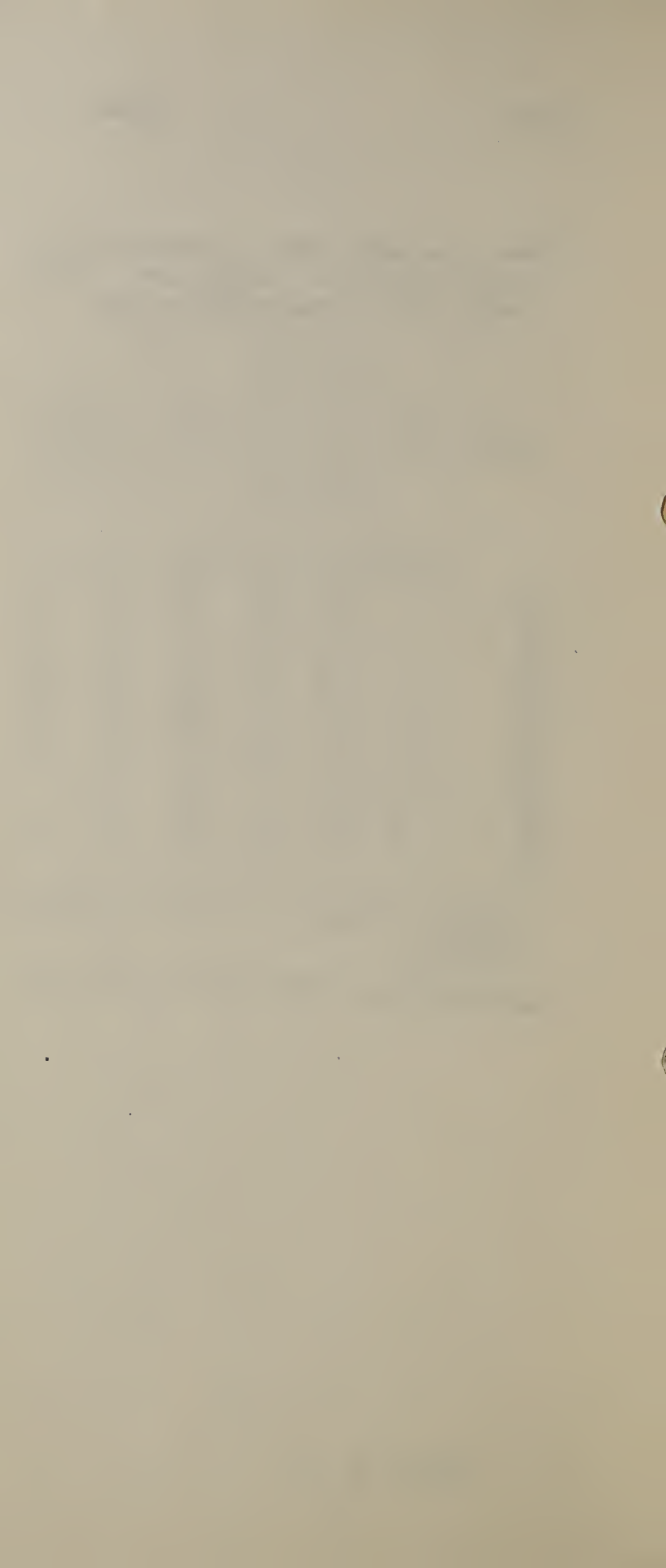
¹ Net exports of all countries for which exports exceed imports.

² Years beginning August.

³ Net imports.

⁴ Preliminary.

Source: BAE and Food Research Institute of Stanford University, Wheat Studies.



THE CORN PROGRAM

(For 1940, this program applied in the East Central Region only to 12 counties in Kentucky)

The corn program provides a means by which corn growers participating in the AAA Program can take definite steps to stabilize market supplies, to conserve the soil, and to protect consumers by maintaining a stable and adequate flow of corn to market.

ACREAGE ALLOTMENTS

The corn acreage allotments, which apply only in the commercial corn area, are established in such proportions as to make available enough corn which, together with corn grown outside the commercial area and the corn carried over from previous crops, will meet domestic needs, exports, and a safe reserve supply.

SOIL-BUILDING PRACTICES

To improve soil fertility and prevent erosion.

LOANS

Loans are offered cooperating farmers to protect prices by holding surplus corn off the market until needed, and to establish an Ever-Normal Granary of supplies.

MARKETING QUOTAS

When corn supplies rise to burdensome levels, marketing quotas may be voted by farmers in order to stabilize production and prices. The Act sets the marketing quota level at 10 percent above normal domestic consumption, exports, and carry-over.

THE CORN LOAN PROGRAM

Corn loans constitute the keystone in the Ever-Normal Granary. They protect consumers from high prices in times of crop failure, and make it possible for farmers to avoid selling their corn on an overburdened market.

RATES BASED ON SUPPLY

Loans are offered cooperating farmers if the crop is greater than a normal year's home needs and exports, or if the farm price of corn falls below 75 percent of parity.

If marketing and storage quotas are in effect, loans are offered to cooperating farmers at the full rate; to noncooperators at a smaller (60 percent) rate, and only on the amount they are required to store.

The act forbids loans to either cooperators or noncooperators if marketing quotas are rejected in the producer referendum.

The corn loan rate depends upon the size of the current crop.

LIVESTOCK MEN BENEFIT

Livestock feeders also benefit from the corn loans and the Ever-Normal Granary. Carry-overs are made larger, and so supplies of feed become more stable and dependable.

Because alternating surpluses and shortages of corn are necessarily followed by increases and decreases in livestock numbers, an Ever-Normal Granary for corn is the necessary basis for stabilizing market supplies and prices of livestock and livestock products.

Ref.: 38-corn-1; 38-corn 3.

COMMERCIAL CORN AREA

The commercial corn area—or the Corn Belt as it is known—is the real surplus corn producing area of the United States. Production in this area largely determines United States corn prices. Corn produced outside the commercial area is used primarily for home consumption. The corn program, including acreage allotments and corn loans, can be operated most economically and effectively by confining it to the relatively small surplus-producing area where corn is produced commercially.

DEFINED IN THE ACT

The Agricultural Adjustment Act of 1938 puts into the commercial corn area all counties in which the average production of corn per farm is 450 bushels, and the average production per acre of farm land is 4 bushels. Bordering counties which contain one or more townships producing, and likely to produce, this much corn on the average are also included in the commercial corn area.

THE AREA IN 1940

The 1940 area consists of 599 counties in 12 States, 13 counties more than in 1939.

OUTSIDE THE AREA

Corn producers outside the commercial corn area do not receive special corn acreage allotments and are not eligible for corn allotment payments or full loan rates. Overplanting of corn by these producers is controlled by limits on acreage allotted for general soil-depleting crops.

CORN EXPORTS AND IMPORTS

The United States is neither a principal exporter nor importer of corn. Our export corn goes chiefly to Canada, little abroad. Heavy imports follow short domestic crops when high prices will defray transportation costs and tariff (25 cents a bushel) and leave something for foreign growers. In such years imports provide needed feedstuffs for livestock, dairy, and poultry farmers.

Second highest exports since 1900 occurred in 1937-38: 130 million bushels. Crop failures in Argentina boomed our exports, just as drought in the Corn Belt stimulated corn prices and imports into this country in 1935-37.

Corn: Imports and exports since 1920

Year beginning October	Imports of corn	Domestic exports ¹	Net exports	Net imports
	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>
1920-----	1, 059, 246	115, 372, 567	114, 313, 321	-----
1921-----	104, 485	167, 806, 036	167, 701, 551	-----
1922-----	153, 836	63, 695, 411	63, 541, 575	-----
1923-----	2, 295, 223	21, 811, 439	19, 516, 216	-----
1924-----	2, 892, 483	10, 486, 314	7, 593, 831	-----
1925-----	356, 952	25, 423, 755	25, 066, 803	-----
1926-----	3, 749, 837	18, 008, 554	14, 340, 833	-----
1927-----	2, 939, 940	20, 223, 405	17, 619, 453	-----
1928-----	341, 807	41, 733, 784	41, 399, 109	-----
1929-----	845, 526	8, 963, 441	8, 119, 368	-----
1930-----	1, 386, 181	3, 119, 299	1, 733, 416	-----
1931-----	377, 468	4, 435, 720	4, 058, 252	-----
1932-----	172, 743	8, 885, 773	8, 713, 030	-----
1933-----	881, 973	4, 811, 640	3, 928, 415	-----
1934-----	36, 951, 682	1, 143, 017	-----	35, 811, 633
1935-----	21, 089, 088	867, 102	-----	20, 228, 442
1936-----	103, 642, 135	431, 679	-----	103, 236, 828
1937-----	1, 809, 293	140, 202, 142	138, 382, 817	-----
1938-----	442, 286	34, 369, 321	33, 927, 035	-----
1939-----	-----	-----	-----	-----

¹ Corn and meal in terms of grain.

Source: Compiled from Monthly Summary of Foreign Commerce.

POTATOES UNDER THE AAA

BACKGROUND.—During the period 1920–30 the total potato crop of the United States averaged about 358 million bushels annually and had an average farm value of \$359,000,000. During the period 1931–35 average production increased to about 380 million bushels and the average farm value dropped to \$204,000,000. Prevailing demand requires from 360 to 370 million bushels annually. Fluctuations in acreages and yields have brought years of big crops and low prices, and of small crops and high prices. The production of a crop that will be fair to both consumer and producer is the aim of potato growers.

PURPOSES OF POTATO PROGRAM

The purpose of potato acreage allotments in the AAA program is to help stabilize potato production by avoiding extremes of high and low acreage.

COMMERCIAL AREAS, PAYMENTS AND DEDUCTIONS

Potato acreage allotments are established for commercial producers in designated areas. Growers who plant within their 1940 allotments will earn payments of 3 cents a bushel on the normal yield of their allotments. Deductions will be made at the rate of 30 cents per bushel on the normal yield for any acreage planted in excess of allotment, or in excess of 3 acres.

Ref.: ACP-1940; U. S. D. A. Technical Bulletin No. 7.

THE VEGETABLE PROGRAM

Beginning with the 1939 AAA Program allotments were established for commercial vegetables for the purpose of stabilizing the acreage of commercial vegetables and thereby stabilizing the income of growers and providing consumers with adequate supplies of vegetables at a fair price. A similar provision is included in the 1940 Program.

COMMERCIAL VEGETABLE AREA

A commercial vegetable county is an area in which the 1936-37 average acreage of commercial vegetables (other than potatoes, sweetpotatoes, cantaloups and annual strawberries) was 200 acres or more unless the State committee, with approval of the AAA, determines that the distribution of commercial vegetables grown in the county is confined to small local markets, there is no tendency toward acreage expansion in the county, and elimination of the county would not jeopardize the effectiveness of the program.

ALLOTMENT FARMS

Under the 1940 program vegetable allotments are established for eligible farms in the designated counties. These allotments are established on the basis of the *average* acreage planted to commercial vegetables in 1936 and 1937, or the *average* of a later period adjusted to the 1936-37 level. An eligible farm is a farm on which an average of 3 or more acres are normally planted to commercial vegetables.

PAYMENTS AND DEDUCTIONS

In commercial vegetable counties producers on allotment farms may receive payment at the rate of \$1.50 per acre for keeping the acreage of commercial vegetables within the allotment. The program provides for a deduction of \$20 for each acre planted in excess of the vegetable acreage allotment, or in excess of 3 acres.

THE PEANUT PROGRAM

Peanuts are grown commercially in 12 States, including States in the East Central Region. A peanut program has been in operation since 1933 when a marketing agreement was put into effect. This was followed by Agricultural Adjustment programs, special diversion programs, and the Agricultural Conservation Programs. The aim of these programs is to maintain the commercial supply of peanuts in line with trade needs and thereby stabilize the income of peanut growers at a reasonable level.

ACREAGE ALLOTMENTS AND PAYMENTS

Peanut acreage allotments are established in designated commercial peanut producing areas on the basis of the usual acreage of peanuts grown for market and tillable acreage on the farm, taking into consideration other special acreage allotments for the farm. Growers who plant within their 1940 peanut allotments will earn a payment of \$2.50 per ton on the normal yield of their allotments. The deduction rate for excess acreage is \$30 per ton.

COMMERCIAL AREAS

The commercial peanut-producing area includes designated counties in North Carolina and Virginia where peanuts are grown for market.

*Peanut acreage, yield, production, and price,
1919-39*

Year	Total acreage for all pur- poses ¹	Picked and threshed				
		Acre- age	Yield per acre	Produc- tion	Price per pound	Farm value
	<i>1,000 acres</i>	<i>1,000 acres</i>	<i>Pounds</i>	<i>1,000 pounds</i>	<i>Cents</i>	<i>1,000 dollars</i>
1919-----	1,628	957	719	688,270	9.40	64,686
1920-----	1,715	995	699	695,842	4.82	33,573
1921-----	1,691	980	692	678,200	3.86	26,183
1922-----	1,472	821	637	523,345	5.37	28,094
1923-----	1,418	797	713	568,150	6.48	36,839
1924-----	1,809	1,084	658	712,815	5.81	41,400
1925-----	1,667	996	725	721,660	4.50	32,446
1926-----	1,520	860	770	662,190	4.83	31,970
1927-----	1,859	1,086	777	844,220	5.12	43,243
1928-----	2,039	1,213	695	843,505	4.96	41,799
1929-----	2,064	1,262	712	898,197	3.75	33,682
1930-----	1,881	1,073	650	697,350	3.58	24,965
1931-----	2,299	1,440	733	1,055,815	2.02	21,327
1932-----	2,649	1,501	627	941,195	1.54	14,494
1933-----	2,350	1,217	673	819,620	2.84	23,277
1934-----	2,626	1,488	679	1,009,950	3.32	33,530
1935-----	2,563	1,473	779	1,147,225	3.14	36,023
1936-----	2,717	1,606	780	1,253,090	3.74	46,866
1937-----	2,548	1,500	816	1,224,190	3.24	39,664
1938-----	2,768	1,708	765	1,305,800	3.28	42,861
1939 ² -----	3,005	1,859	635	1,179,505	3.39	39,974

¹ Acres grown alone, plus one-half the interplanted acres.

² Preliminary.

Agricultural Marketing Service.

THE LIVESTOCK INDUSTRY AND THE AAA

The encouragement of increased acreage of grasses and legumes is a major objective of the Agricultural Conservation Program. As a class, these soil-building crops are valuable pasture and hay crops.

The livestock industry benefits directly through an increase in pasturage and hay for animal feeding, since good pasture and roughage provide the most economical feed used in the production of meat and milk and other animal products.

Balanced rotations that include a proper acreage of soil-conserving crops and grain crops, supported by good soil-building practices, provide better balanced rations for livestock feeding. Individual farms on which the right proportions of pasture crops and leguminous hay crops are grown make better records in livestock production during good seasons and also during periods of drought, cold, or wet seasons.

In addition to provisions which encourage the planting of increased acreages of soil-conserving grasses and legumes, the program provides for the improvement of existing pastures by proper fertilization and management in order to increase their productivity and longevity.

Lower Cost, Better Quality.—The extensive increase of grass and roughage crops, and the greater use of these crops in feeding livestock is not expected to result in increased total meat or milk production. However, both the producer and the consumer of animal products benefit through reduced costs, improvement in the quality of animal products and by the betterment in health conditions of livestock.

Dairymen and AAA.—Dairymen are interested also in the grain price stabilizing effects of the AAA through the Ever-Normal Granary. Low grain and meat prices cause many cash grain farmers to go into dairying. The hard times of the 30's saw one of the greatest increases in dairy cow numbers on record. A stabilized grain supply with reasonable prices is the dairyman's best protection.

DOES AAA MEAN SCARCITY?

Farmers wonder why they of all people should be accused of scarcity.

INDUSTRY

From 1929 to 1934, for example, industry's "plow-up" of production was greater than that of agriculture. Factory production in industries using nonagricultural raw materials in 1934 had decreased 42 percent from the 1929 level. For the same period the volume of factory production using agricultural raw materials was down only 15 percent. Industry's "plow-up" of production in nonagricultural industries during the period was 27 percent greater than that of industries using agricultural products.

AGRICULTURE

In 1937 farmers' production of their 53 leading crops was 13 percent above the 1923-32 average and 7 percent greater than in the previous record-breaking year 1931. In 1938 it was 5 percent above the 1923-32 average.

The new Farm Act provides for nearly double the carry-overs of corn and wheat that have been customary in the past.

The farm program is one of balanced abundance and not a scarcity program.

Ref.: "Administered Price and Market Price," G-47; General Crop Report, December 1938.

HIGHER YIELDS AND SMALLER ACREAGES NOT INCONSISTENT

Within the last few years a great increase has occurred in the use of hybrid seed corn which, along with various other factors, has been responsible for considerably increased yields. To some people, it seems inconsistent for farmers to plant smaller acreages and at the same time to strive for higher yields. It is argued that in doing this farmers are defeating their own program.

This argument is not sound. In planting hybrid corn and using other means of increasing his yield, the farmer is simply taking advantage of more efficient methods by which to lower his per unit cost and increase his income. It is entirely reasonable for the farmer to produce his corn as cheaply as possible—whether he is raising 1 thousand or 10 thousand bushels. Higher yields are one way to lower per-bushel costs.

Likewise, being able to produce the same number of bushels of corn on fewer acres makes it possible for him to seed down a larger part of his farm, to carry out soil-building practices, to increase the value of his land. That is the way in which he takes advantage of the more efficient methods which come with technological advancement.

Industry has always done this. Our manufactured goods could probably, in most cases, be produced in plants and with equipment of the same types that were being used 10 years ago. But it is not suggested that such outmoded and expensive methods be continued. They have been discarded and more efficient methods and machinery have taken their place. Even though these new production units may operate at only a small percent of their total capacity, they operate with greater efficiency, giving the consumer a better product at a cheaper price and the manufacturer an improved income.

Farmers seek the same ends using the recent improvements in their own field.

THE CONSUMER AND AAA

The city worker is more than a passive user of finished agricultural goods. He is a partner with the farmer in the country's business life. He takes farm goods, not just to eat and wear, but to process, distribute, and transport, and to combine with other materials to produce industrial goods.

NONFARM WORKER'S MATERIALS

Every nonfarm worker draws upon agriculture for two kinds of materials: One kind for immediate personal use and the other kind for use as raw material in his own employment.

HIS MARKETS

The nonfarm worker depends on agriculture as a market. From him the farmer buys machinery, fertilizer, transportation, building supplies, as well as newspapers, magazines, books, and motion pictures.

The consumer needs more from agriculture than just a supply of low-priced commodities. He needs the farmer as a customer.

The consumer has an interest in the farm as a going concern.

THE INTERDEPENDENCE OF AGRICULTURE AND INDUSTRY

The volume of industrial production and the purchasing power of consumers is "the other half of the farm problem."

Curtailment of factory production means unemployment for industrial workers and decreased demand for the things farmers produce. The farmer, forced to adjust expenditures to shrinking income, postpones purchase of farm equipment and repairs and so intensifies the adverse influences bearing on his income.

THE FARMER'S MARKET.—Three-fourths of farm income arises from the sale of food products, but the farmer does not get a constant share of the consumer's dollar. He benefits most when consumer income rises, just as he suffers most when city purchasing power falls.

About 65 percent of national income is paid in wages and salaries. Although city wage earners and lower-salaried workers spend about 35 percent of their income for food, total retail expenditures for food are only about 20 percent as great as all nonagricultural income.

RETAIL FOOD SALES.—The close relationship between consumer income and retail expenditures for food and the changing proportion of the retail food dollar which has gone to the farmer since 1929 are shown below:

Year	Nonagricultural income payments ¹	Retail food sales ²	Ratio food sales to income	Farmers' percent of retail food dollar ³
	<i>Million of dollars</i>	<i>Millions of dollars</i>	<i>Percent</i>	
1929-----	73, 542	14, 887	20. 2	47
1930-----	68, 456	13, 857	20. 2	44
1931-----	59, 303	12, 066	20. 3	38
1932-----	46, 551	9, 623	20. 7	33
1933-----	43, 174	8, 973	20. 8	36
1934-----	49, 164	10, 002	20. 3	40
1935-----	52, 770	10, 830	20. 5	45
1936-----	61, 559	11, 644	18. 9	44
1937-----	65, 282	12, 163	18. 6	45
1938-----	60, 236	11, 526	19. 1	40

¹ Estimates based on U. S. Department of Commerce income and retail sales data.

² Based on Bureau of Census and Bureau of Domestic and Foreign Commerce data.

³ Based on BAE studies covering 58 foods. Adjusted in 1933-35 to include processing taxes.

Source: P. H. Bollinger in *The Agricultural Situation*, December 1937.

FARM-MORTGAGE DEBT DECLINES

The total farm-mortgage debt of approximately 7 billion dollars outstanding on January 1, 1939, was 27.5 percent below the total for January 1, 1929, and about 34 percent below the peak of about 10.8 billion dollars reached in 1922-23. The farm-mortgage debt now stands at a level approximately equal to that in 1918. The decrease has been general throughout the United States with the exception of the New England region.

FEWER FORECLOSURES SINCE 1933

Since 1933, the number of forced farm sales has declined substantially. This decline has applied to each of the nine geographic regions.

During the 12 months ending March 15, 1933, there were 54.1 such sales per thousand farms. By the year ending March 15, 1939, this had dropped to 16.8 per thousand farms.

FARM BANKRUPTCIES DOWN

The number of farm bankruptcies in the United States in the year ending June 30, 1938, was only about 30 percent of the total for the year ending June 30, 1933. The decline was from 5,917 to 1,799.

Ref.: Agricultural Finance Review, November 1939 and BAE reports.

FARM INCOME

From a 15-year peak of slightly over 11 billion dollars in 1929, cash farm income in the United States dropped to about 4½ billion in 1932.

In 1933, when Agricultural Adjustment Act benefit payments were paid during the last 5 months, the farm income climbed back to nearly 5½ billion dollars, and continued its climb to more than 9 billion in 1937, considerably above the 1930 total.

For 1939, cash farm income was about 8½ billion dollars, or 82 percent more than in 1932.

Another picture of farm income is reflected in the relationship between prices farmers receive for their products and prices farmers pay for things they need. In 1939 this ratio was 77, considerably above 1931-34, but below 1935-37.

Following are yearly totals of farm cash income since 1925, including Government payments for the years 1933-39, and a table giving indices of prices received by farmers, prices paid by farmers, and the ratio of prices received to prices paid:

Year	Cash income of farmers (millions of dollars)	Index of prices received, all commodities (Aug. 1909-July 1914=100)	Index of prices paid for commodities used in living and production (1910-14=100)	Ratio of prices received to prices paid
1925.....	10, 927	156	157	99
1926.....	10, 529	145	155	94
1927.....	10, 699	139	153	91
1928.....	11, 024	149	155	96
1929.....	11, 221	146	153	95
1930.....	8, 883	126	145	87
1931.....	6, 283	87	124	70
1932.....	4, 682	65	107	61
1933.....	5, 409	70	109	64
1934.....	6, 720	90	123	73
1935.....	7, 542	108	125	86
1936.....	8, 499	114	124	92
1937.....	9, 111	121	130	93
1938.....	8, 081	95	122	78
1939 ¹	8, 518	93	121	77

¹ Preliminary

Prices of farm products

[*Estimates of average prices received by farmers at local farm markets based on reports to the Agricultural Marketing Service*]

GENERAL

Product	5-year average August 1909- July 1914	Sep- tember 1938	Sep- tember 1939	Parity price Sep- tember 1939
Cotton.....lb..	\$0. 124	¹ \$0. 082	\$0. 091	\$0. 159
Corn.....bu..	. 642	. 480	. 562	. 822
Wheat.....bu..	. 884	. 525	. 723	1. 132
Potatoes.....bu..	. 697	¹ . 474	. 694	. 865
Peanuts.....lb..	. 048	. 032	. 034	. 061
Beef cattle.....cwt..	5. 21	6. 45	7. 07	6. 67
Hogs.....cwt..	7. 22	8. 07	7. 06	9. 24
Chickens.....lb..	. 114	. 143	. 136	. 146
Eggs.....doz..	. 215	. 249	. 206	² . 278
Butterfat.....lb..	. 263	. 241	. 247	² . 326

¹ Revised.

² Adjusted for seasonality.

Source Agricultural Situation, October 1939.

TOBACCO

Type	10-year average 1919-28	Season 1938-39	Season 1939-40	Parity price Sep- tember 1939
Flue-cured.....	\$0. 240	\$0. 222	\$0. 150	\$0. 183
Burley.....	. 223	. 190	¹ 0. 174	. 170
Fire-cured and dark air- cured.....	. 129	. 081	0. 092	. 098

¹ Estimate based upon December sales. Preliminary.

MORE ACRES THAN MARKETS

From 280 to 285 million acres are required annually to feed the American people. This varies little from year to year. Almost as much land was required to supply the American table in the depth of the depression as at the height of prosperity.

About 20 to 25 million acres more are required annually for nonfood products such as cotton, tobacco, and flax.

It is estimated that 25 to 35 million acres will supply all the products which can be exported during the next few years.

30 MILLION ACRES

Altogether, markets can be found for the products of about 335 million acres of average land. However, the United States has 360 to 365 million acres from which crops are normally harvested. This means the American farmer has roughly 30 million surplus acres for products without markets.

ACRES GAIN; MARKETS SHRINK

Some of these problem acres are a hold-over from the World War when the harvested acreage jumped from 320 million acres to about 360 million acres, an increase of 40 million acres. Although a growing population has increased domestic consumption since the early 1920's, other factors such as increased efficiency have offset much of this gain. The shift from horses and mules to tractors and automobiles has lost the farmer the market for feed from about 35 million acres. Another factor has been the shrinking world wheat markets.

RELATED FARM AGENCIES

FSA (Farm Security Administration) was created to help needy and low-income farm families through loans of various types to become self-supporting. Loans are accompanied by guidance in sound farming methods to make sure that money is used to the best advantage. Types of help offered:

Standard rehabilitation loans, emergency rehabilitation loans, community service loans, medical aid loans, tenant purchase loans, farm debt adjustment, tenure improvement, homesteads projects, camps for migrant families, and grants for urgent necessities.

FCA (Farm Credit Administration)¹ and the institutions operating under its direction provide a complete and coordinated credit system for agriculture by making available to farmers long-term and short-term credit, through local National Farm Loan Associations and Production Credit Associations. It also provides credit facilities for farmers' cooperative marketing, purchasing, and business service organizations.

SCS (Soil Conservation Service) has charge of physical land use adjustment programs—erosion control, the farm part of flood control, the water-facilities program—submarginal land purchase and development, and farm forestry. It furthers soil conservation through (1) assistance to local soil-conservation districts, (2) demonstration projects, (3) research and investigation, and (4) dissemination of information.

REA (Rural Electrification Administration)¹ was organized to facilitate the introduction of electric service to persons in rural areas not served previously and to promote greater use of electric power. It makes loans for electric distribution systems and for wiring, appliances, and plumbing to local cooperative associations of users.

¹ Transferred to the U. S. Department of Agriculture by Executive order under provisions of the Reorganization Act of 1939.

WILDLIFE CONSERVATION AND THE AAA

The conservation of soil, water, and trees is stressed in the national AAA farm program. In wildlife conservation, these same practices are of primary importance. Crops that provide feed and cover and protect the soil from erosion are essential practices in conserving and increasing birds and game. By retarding water run-off and lessening soil erosion, these crops are also of importance in improving stream conditions for fish and other forms of water life.

MORE LAND UNDER COVER.—Under the AAA program, more than 40 million acres have been shifted from soil-depleting crops into legumes and grasses. Altogether, more than 50 million acres, or nearly one-sixth of our farm land, are devoted each year to soil-conserving crops and practices. Of this, about 30 million acres consist of new and additional seedings of legumes and grass primarily for pasture, meadow, and soil conserving purposes. The remaining 20 million acres are devoted to such practices as terracing, strip cropping, planting adapted trees, shrubs and grass in gullies, planting farm woodlots and windbreaks, and where needed, the construction of ponds and reservoirs and the maintenance of ground water levels.

FOOD AND COVER FOR WILDLIFE.—All of these practices contribute directly to wildlife conservation by increasing the crops and trees which wildlife needs for food and cover throughout the year.

The present basic program of soil, water, and tree conservation is contributing toward the conservation and increase of wildlife in America.

WAR AND THE AAA

“For six and a half years the AAA has been used by farmers through one emergency after another. We have had surpluses, droughts, Supreme Court decisions, and surpluses again. And now we have war.

“No one is able to gage accurately what lies ahead. Our natural impulse, of course, has been to look back to 1914 and to see what happened then and in the years that followed. But 1939 is not 1914. Situations today are far different.

“I think that most farmers feel that the safest thing to do is to stay with the AAA farm program. It provides the machinery for adjusting the production of major crops as quickly as necessary to any changes in demand which may occur.

EVER-NORMAL GRANARY.—“The Ever-Normal Granary is designed for peace time, but it is especially useful in a world at war. Today in the disaster of war, farmers are more able to take advantage of the Ever-Normal Granary, and . . . it is a great safeguard to the consumer.

CONSERVATION.—“In this present situation, farmers need to hold the very substantial gains they have made in soil-conservation and soil-building during the last few years. More than any other thing, soil conservation accomplishments are a net gain to our national productive capacity and to our national farm plant.

THE PROBLEMS OF PEACE.—“After the present war is concluded we know that farmers will face once more the problem of finding a market for the export crops produced in this country. We know that farmers will face once more the problem of adjusting acreage. We know that farmers will continue to face the problem of maintaining fair prices and income just as they did after the last war. After the last war, farmers were left to go it alone. This time they will have the machinery of the AAA to cushion the shocks . . . In the AAA farmers are ready for both the immediate problems and the problems that will arise after this war is ended.”—*Excerpts from address by R. M. Evans, Administrator of the AAA.*

Cropland and payments under Agricultural Conservation Program, 1936-38

Region	Total cropland	1938 cropland in A A A	1938 percent of cropland	Estimated payments under conservation program		
				1936	1937	1938
Northeast.....	<i>Acres</i> 21,766,427	<i>Acres</i> 10,002,854	46.0	\$7,419,581	\$10,257,661	\$11,982,089
North Central.....	168,830,538	109,618,283	64.9	146,489,427	99,555,406	137,713,195
Southern.....	110,523,196	96,659,000	87.5	113,144,107	94,351,835	172,861,622
Western.....	101,463,340	72,045,441	71.0	67,343,488	57,424,648	66,072,001
East Central.....	39,672,955	32,367,900	81.6	37,844,985	34,834,910	43,592,878
Delaware.....	580,538	480,600	82.8	328,255	461,327	588,821
Maryland.....	2,425,921	1,654,300	68.2	1,372,558	1,398,683	1,676,486
Virginia.....	5,449,584	3,939,500	72.3	3,329,689	3,378,601	4,601,385
West Virginia.....	1,951,634	1,344,000	68.9	670,758	1,125,414	1,322,144
North Carolina.....	7,988,855	6,556,000	82.1	12,407,879	10,015,932	14,342,904
Kentucky.....	11,348,510	9,928,300	87.5	11,109,541	10,822,450	9,831,714
Tennessee.....	9,927,913	8,465,200	85.3	8,626,305	7,632,502	11,229,424

THE STAMP PLAN

The stamp plan of surplus commodity distribution through regular retail channels supplants, in a number of cities and counties, the distribution of such commodities by direct distribution to families on relief. Under the plan, foods designated by the Department of Agriculture as being produced in surplus quantities are distributed to needy families through regular retail grocery stores.

The stamp plan is so named because orange and blue stamps are the medium of exchange in making commodity purchases. Any person eligible for public assistance may obtain orange stamps in place of an equivalent amount of cash WPA wage or relief payment. These stamps have a retail value of 25 cents each and are accepted in exchange for food at retail food stores.

With each two orange stamps, the applicant receives a blue stamp, also valued at 25 cents, which may be used to buy only surplus farm products. This gives the recipient extra purchasing power. The stamps are redeemable from Federal Surplus Commodity Corporation funds. In order that the recipient may not substitute surplus commodities for regular food purchases, he is permitted to buy not less than \$1 in orange stamps weekly for each member of his family. This provides \$1.50 per week per person for food purchases. Larger amounts may be purchased.

In the first three and a half months after inauguration of the plan at Rochester, N. Y., on May 16, 1939, studies indicate these advantages: food sales in cities using the plan tend to increase beyond the amount represented by blue stamp purchases, giving farmers a broader market for their surpluses; the increased volume of trade in groceries tends to stimulate many other types of retail sales; persons on relief appear to like buying surplus commodities through regular grocery stores, since participation in the plan, which is voluntary, has tended to increase steadily; needy persons who have participated in the plan are getting not only a more adequate diet but apparently in most cases a better balanced diet.

EQUALIZATION FEE PLAN

[McNary-Haugen bills of 1924, 1927, and 1928]

The exportation of agricultural surpluses to be sold at world prices, meanwhile allowing prices on the portion consumed in the domestic market to rise behind the tariff wall, is a plan characteristic of many of the price-raising proposals which have been suggested for the benefit of agriculture since the early 1920's.

DUMPING SURPLUSES

The first widely known proposals embodying this idea were the original McNary-Haugen bill of 1924 and the vetoed bills of 1927 and 1928. The method in all three of these bills was essentially to dispose of surpluses abroad for whatever price they would bring, losses to be met through the collection of an equalization fee levied against the product.

DEPENDENT ON EXPORTS

The equalization fee plan was based upon the concept of a rather steady export outlet for American farm products. It was believed that this outlet would absorb surpluses in reasonably large quantities and at fairly satisfactory prices, so that lower export prices would be more than offset by increased prices on the domestic market.

Ref.: Facts Series No. 23, Ohio University.

EXPORT DEBENTURE PLAN

[McKinley-Adkins bill, 1926—Jones-Ketcham bill, 1928]

This plan also proposed to raise farm prices by disposing of surpluses abroad. Conducted behind a tariff wall and paying an export bounty, the plan sought to induce the surplus to move out of the country and thus make the domestic price rise by an amount equal to the export bounty.

USED TARIFF REVENUE

It differed from the equalization fee plan in that it provided for the use of tariff revenue to pay export subsidies on the surpluses. In other words, losses incurred in moving surpluses to the foreign market would have been made up out of import revenues intercepted just before they reached the Federal Treasury, rather than through the equalization fee tax on the product.

The special device from which the plan took its name was the payment of these subsidies with debentures rather than with cash. The debentures were to be acceptable in the payment of customs duties. The rate of subsidy was to be made flexible—that is, the larger the surplus the smaller the subsidy—as a provision to curb overproduction.

TO RAISE DOMESTIC PRICES

It was believed that the volume of exports would increase ultimately to the point of freeing domestic markets from the weight of the surplus and thus the domestic prices would be raised above the world price by the amount of the tariff—this also being the amount of the subsidy.

Ref.: Facts Series No. 23, Ohio University.

FEDERAL FARM BOARD

[Agricultural Marketing Act of 1929]

The Agricultural Marketing Act of 1929 provided essentially for a marketing approach to the farm problem. It set up the Federal Farm Board as the instrument to carry out the Act. It encouraged cooperatives in an effort to bring about more orderly marketing on a nation-wide scale.

LOANS AND PURCHASES

With the drastic price declines late in 1929, the Board undertook a program of price stabilization, first, by making loans to cooperatives to enable them to hold their products off the market and, later, by the organization of stabilization corporations and large-scale purchase of cotton and wheat. The plan did not provide for any direct control over production.

TO STABILIZE SELLING

The 1929 Act was based upon the concept that the farm problem is primarily one of wasteful individualized selling, which could be corrected by encouraging cooperative marketing. It aimed to stabilize farm prices by a distinctive program in the field of marketing rather than production.

Ref.: Facts Series No. 23, Ohio University.

DOMESTIC ALLOTMENT PLAN

[Hope-Norbeck Bills, 1932]

The Domestic Allotment Plan originally proposed a system of certificates enabling producers to sell on the domestic market—at protected prices—that portion of the crop normally consumed in this country. The surplus was to be exported without subsidy. In later form it also provided for some production control, with benefit payments paid on the domestic allotment out of the proceeds of a processing tax. That was one of the methods used in the Agricultural Adjustment Act of 1933 which was later invalidated.

PRODUCTION ADJUSTMENT CONSIDERED

This plan reflected a growing doubt as to the possibility of exporting unlimited quantities of farm products, and an increasing belief that in some way an attempt should be made to regulate production. The plan sought to make the individual farmer conscious of his share of the surplus and to improve prices by limiting the quantity available to the domestic market and discouraging increased production for export.

Ref.: Facts Series No. 23, Ohio University.

AGRICULTURAL ADJUSTMENT ACT OF 1933

The Agricultural Adjustment Act of 1933 provided for adjusted production of seven major commodities which were considered as being produced in surplus quantities—wheat, corn, cotton, hogs, rice, tobacco, and dairy products. Benefit payments were derived from processing taxes and paid on a voluntary reduction contract between the Government and each cooperating producer.

MARKETING CONTROL

The "Thomas Amendment" to this Act was the legislation under which the dollar was devalued—a price-raising expedient advocated in many quarters. The Bankhead and Kerr Acts, controlling the marketings of cotton and tobacco, were also eventually authorized under the 1933 Act.

The 1933 Act included features drawn from several of the earlier proposals. It provided for domestic allotments, expansion of markets, encouragement of exports, and regulation of marketing methods, all of which had been included in one or more of the previous plans.

REDUCED EXPORT OUTLET

This plan, however, approached the farm problem as one primarily of disposing of existing surpluses in the face of reduced export outlets. The belief was that this could be done only if production were checked and furthermore that producers would do this cooperatively under the inducement of benefit payments. It was also believed that consumers would pay parity prices for farm products in the domestic market.

Ref.: Facts Series No. 23, Ohio University

SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT OF 1936

During 1934 and 1935 sentiment was growing to place more emphasis on soil conservation in the national farm program. With the invalidation of the Act of 1933 this became the underlying principle of the Soil Conservation and Domestic Allotment Act of 1936. That Act is still in operation, in a strengthened and amended form complemented by the Agricultural Adjustment Act of 1938.

LIMITED ADJUSTMENT

Under this Act benefit payments are made to producers out of general treasury funds for shifting from such "soil-depleting" crops as cotton, corn, wheat, tobacco, and rice to such "soil-conserving" crops as grasses and legumes and for carrying out certain "soil-building practices." This Act provided for only limited production adjustment.

BASED ON CONSERVATION

The Soil Conservation and Domestic Allotment Act was enacted on the following assumptions: (1) That the continued welfare of the Nation requires that soil resources be conserved; (2) that soil fertility is wasted if crops are produced in excess of effective domestic and export demand; (3) that it is cheaper to expend Government funds for prevention of depletion than to try to restore fertility after it has been wasted.

Ref.: Facts Series No. 23, Ohio University.

AGRICULTURAL ADJUSTMENT ACT OF 1938

The Agricultural Adjustment Act of 1938 became a law in February 1938, complementing the Soil Conservation and Domestic Allotment Act of 1936 and providing for:

(1) Conservation payments to producers who adjust the acreage of their soil-depleting crops as prescribed in the allotments and carry out soil-building practices; (2) parity or price adjustment payments to producers of corn, wheat, cotton, tobacco, and rice who do not overplant their allotments; (3) commodity loans to cooperators; (4) marketing control of surpluses when approved by two-thirds of the producers voting; (5) freight rate investigation and study; (6) Federal crop insurance on wheat; (7) purchases of farm surpluses for relief distribution; (8) market expansion through research on new uses for farm products; and (9) funds to subsidize the export of farm surpluses.

RECOGNIZES DECREASED OUTLETS

The plan embodied in the 1938 Act was adopted in the belief the farm problem is in large part one of adjusting existing producing facilities to decreased outlets for export products.

The general thesis underlying this program is (1) that efforts should be made to expand markets and develop new uses for farm products but that progress will be slow in that direction; (2) that export outlets are for the present definitely limited; (3) that one essential for reasonable farm income is balance between production and market demand; (4) that production adjustment needs to be accompanied by an ever-normal granary; (5) that a program of commodity loans and parity payments is helpful only under the condition that it does not lead to further surplus production.

Ref.: Facts Series No. 23, Ohio University.

